

JPRS-CEA-84-084

10 October 1984

# China Report

ECONOMIC AFFAIRS

**FBIS** FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

10 October 1984

## CHINA REPORT

### ECONOMIC AFFAIRS

### CONTENTS

#### PEOPLE'S REPUBLIC OF CHINA

##### PROVINCIAL AFFAIRS

- Small Town in Xizang Becomes More Prosperous  
(XINHUA, 15 Sep 84) ..... 1

##### ECONOMIC DEVELOPMENT ZONE

- Meeting To Discuss Opening to Outside World Held  
(Shandong Provincial Service, 22 Sep 84) ..... 2
- Briefs
- Personnel Drain to Coastal Areas ..... 4
- Shandong Province Cities Inspected ..... 4

##### ECONOMIC PLANNING

- Wan Li Urges Beijing To Relocate Factories  
(XINHUA, 10 Sep 84) ..... 5

##### ECONOMIC MANAGEMENT

- Nation's Economy Shows 'Rapid, Sound Development'  
(XINHUA, 8 Sep 84) ..... 6
- Rural Small Towns in Jiangsu, Zhejiang  
(XINHUA, 18 Sep 84) ..... 8
- Research Fund Aids Improving State Financing  
(XINHUA, 15 Sep 84) ..... 11
- Wan Li Speaks on Cooperation at Tianjin Seminar  
(XINHUA, 17 Sep 84) ..... 12

|  |    |
|--|----|
| XINHUA Continues Reportage on Small Towns<br>(XINHUA, various dates) .....                                 | 13 |
| Market Economy Receives Encouragement<br>Construction, Development<br>Peasant Workers Thirst for Knowledge |    |
| FINANCE AND BANKING  |    |
| Peasants Invest in Factories, Businesses<br>(XINHUA, 14 Sep 84) .....                                      | 18 |
| INDUSTRY   |    |
| RENMIN RIBAO on Machine-Building Industry Gains<br>(RENMIN RIBAO, 16 Sep 84) .....                         | 20 |
| China's Fastgrowing Electronics Industry<br>(XINHUA, 11 Sep 84) .....                                      | 22 |
| Tian Jiyun Speaks on Food Industry at Conference<br>(RENMIN RIBAO, 5 Sep 84) .....                         | 24 |
| Briefs   |    |
| Shandong Cement Plant  | 36 |
| Industrial Production Up   | 36 |
| Economic Service Center  | 36 |
| Industrial Production Statistics   | 37 |
| Guizhou Electronics Corporation  | 37 |
| CONSTRUCTION   |    |
| Guangdong Speeds Construction of Ports of Entry<br>(XINHUA, 20 Sep 84) .....                               | 38 |
| Shanghai Harbor Carries Out Expansion Program<br>(XINHUA, 20 Sep 84) .....                                 | 40 |
| Briefs   |    |
| Shanghai International Terminal Expansion  | 42 |
| National Construction Symposium  | 42 |
| DOMESTIC TRADE   |    |
| Briefs   |    |
| Commerce-Service Business Development  | 43 |
| FOREIGN TRADE AND INVESTMENT   |    |
| BAN YUE TAN Reviews Progress in Foreign Trade<br>(BAN YUE TAN, 25 Jul 84) .....                            | 44 |

|  |    |
|--|----|
| Jiangxi's Foreign Trade Develops Rapidly<br>(Yang Baogeng, et al.; Jiangxi Provincial Service,<br>20 Sep 84) ..... | 49 |
| Shanxi Official on Foreign Cooperation<br>(Beijing Domestic Service, 14 Sep 84) .....                              | 50 |
| Guangdong Makes Good Use of Foreign Capital<br>(Guangdong Provincial Service, 16 Sep 84) .....                     | 51 |
| Briefs   |    |
| Liaoning Technical Cooperation Meeting   | 53 |
| Shandong-Finland Cooperation Project   | 53 |
| SPECIAL ECONOMIC ZONES   |    |
| Briefs   |    |
| Reforms of Wage System   | 54 |
| LABOR AND WAGES  |    |
| National Day Series on Urban Jobless Problem<br>(XINHUA, 20 Sep 84) .....  | 55 |
| TRANSPORTATION   |    |
| Achievements in Rail, Water, Air Transport Reviewed<br>(XINHUA, 20 Sep 84) .....                                   | 56 |
| Road Construction Receiving Special Attention<br>(XINHUA, 7 Sep 84) .....  | 58 |
| Shipbuilding Industry Achievements Reviewed<br>(XINHUA, 14 Sep 84) .....   | 60 |
| Nation's Developments in Civil Aviation Recounted<br>(XINHUA, 13 Sep 84) .....                                     | 62 |
| Briefs   |    |
| New Bridge in Guangdong  | 64 |
| Freighter for FRG  | 64 |
| CHINA MEDIA ON FOREIGN ECONOMIC AFFAIRS  |    |
| BAN YUE TAN on Singapore's Development Strategy<br>(Xu Tiange; BAN YUE TAN, No 16, 25 Aug 84) .....                | 65 |
| PUBLICATIONS   |    |
| Briefs   |    |
| English Quarterly on Transport   | 69 |

TAIWAN

|  |    |
|--|----|
| Japan's Mazda Ready for Taiwan Car Venture<br>(CNA, 23 Aug 84) .....       | 70 |
| Hong Kong Chinese Request Investment Body<br>(CNA, 25 Aug 84) .....        | 71 |
| Taiwan Reaffirms Deadline for Toyota Venture<br>(AFP, 24 Aug 84) .....     | 72 |
| Imports of U.S. Agricultural Products Up in 1984<br>(CNA, 25 Aug 84) ..... | 73 |

PROVINCIAL AFFAIRS

SMALL TOWN IN XIZANG BECOMES MORE PROSPEROUS

OW151423 Beijing XINHUA in English 1258 GMT 15 Sep 84

[Text] Lhasa, September 15 (XINHUA)--Grocery owner Soinam Cering, a poor herdsman two decades ago, has become the richest man in northern Tibet. Soinam Cering, 58, and his family of five live in Nagqu, a remote town 4,000 meters above sea level in northern Tibet. His business, started (?two) years ago, expanded steadily with the implementation of flexible policies in recent years on the "roof of the world." Last year he bought two trucks for his two sons to transport goods. By running a private (?business and transport) service, he earned 13,000 yuan (about \$6,000) in the first 6 months of this year.

This is but one of many success stories in Nagqu, a mountain town with a population of 10,000.

Nagqu was a hamlet with only a few hundred residents 25 years ago, and the only building of any size was a monastery. The town now boasts a power plant, building materials works, auto and farm machinery repair shops, an animal by-products processing factory, mattress factory, and workshops making Tibetan furniture and clothes. Asphalt roads and brick-and-stone buildings with solar and wind-powered energy devices dot the scene. Contributing to local development, Nagqu's schools provide a pool of educated labor. More [word indistinct] youngsters are studying in elementary and high schools. Other cultural undertakings include a TV relay station, a library, a movie house and a folk arts hall. A new wind-power research center, hotel, hospital and movie house are under construction.

CSO: 4020/190



## ECONOMIC DEVELOPMENT ZONE

### MEETING TO DISCUSS OPENING TO OUTSIDE WORLD HELD

SK240234 Jinan Shandong Provincial Service in Mandarin 2300 GMT 22 Sep 84

[Text] The Propaganda Department of the Shandong Provincial CPC Committee, the provincial Social Sciences Federation, and the provincial Commission for Foreign Economic Relations and Trade held a provincial theoretical discussion meeting on opening to the outside world in Qingdao from 15 to 19 September. Zheng Weimin, Standing Committee member of the provincial CPC committee and director of the Propaganda Department, presided over the meeting. Ma Shizhong, provincial governor, gave a speech.

The main tasks of this meeting are to study and explore the theoretical and practical problems in the course of opening to the outside world and to analyze and answer the questions of the people with regard to their ideology and understanding. The meeting discussed, in particular, five aspects or issues, centering on opening Qingdao and Yantai to the outside world.

#### 1. Why do we say that opening to the outside world is a socialist policy?

Proceeding from expounding on and proving the economic nature of special zones and economic and technological developmental zones, the meeting analyzed fundamental differences between our present policy of opening to the outside world and old China's policy of opening five ports to foreign countries, and between our present policy of opening to the world and the open-door policy of capitalist countries.

#### 2. What is the relationship between opening to the outside world and developing the inland economy?

The meeting held that the purpose of opening to the outside world is to strengthen self-reliance capacity and to promote the development of the overall economy of China. Opening Qingdao and Yantai cities is of great significance in enlivening the economy of Shandong.

#### 3. What is the relationship between opening to the outside world and reform?

The meeting held that reform and opening to the outside world supplement each other. Doing a good job in reform will create favorable conditions for opening to the outside world. Likewise, the progress of opening to the outside world will promote reform in all spheres.



4. Should we allow planned economy or market regulation to play a dominant role in the special zones and in the economic and technological developmental zones?

The meeting held that we should allow market regulation to play a dominant role. However, market regulation should be carried out under the guidance of state plans and China's macroeconomy. They should not be carried out freely without leadership.

5. What is the relationship between opening to the outside world and building socialist spiritual civilization.

The meeting held that opening to the outside world will definitely affect the building of socialist spiritual civilization positively and negatively. We should actively absorb useful things from foreign ideas and culture and resolutely resist the corrosive influence of decadent bourgeois ideas.

In addition to the province's theoretical workers and other relevant comrades, comrades of the Chinese Academy of Social Sciences and of other fraternal provinces and cities were also invited to the meeting.

CSO: 4006/4

## ECONOMIC DEVELOPMENT ZONE

### BRIEFS

PERSONNEL DRAIN TO COASTAL AREAS--Tianjin, 18 Sep (XINHUA)--Comrade Wan Li pointed out: It is impermissible for the coastal areas to "lure away" technical personnel from the interior, the border, and outlying regions. We should actively support the border and outlying regions in obtaining technical personnel from the coastal areas. Wan Li said this at the National Economic and Technical Cooperation and Mutual-Support Meeting in Tianjin today. At the meeting, he listened to reports by Jiangsu Governor Gu Xiulian, Gangsu Governor Chen Guangyi, and Tianjin Mayor Li Ruihuan. [BY reporters of the Central People's Broadcasting Station and the XINHUA News Agency] [Excerpt] [OW182346 Beijing XINHUA Domestic Service in Chinese 1330 GMT 18 Sep 84]

SHANDONG PROVINCE CITIES INSPECTED--During his recent inspection tour in Yantai and Qingdao, Gu Mu, member of the secretariat of the CPC Central Committee and state councilor, pointed out: In the work of the opened coastal cities, we should not pay attention merely to economic and technical development zones. The emphasis should be placed on the technical transformation of old enterprises, the reform of the management system, utilization of local resources and the functions of specific local advantages. Comrade Gu Mu inspected Yantai and Qingdao cities of our province from 4 to 15 September. Accompanying him on the inspection were Liang Buting, secretary of the Shandong provincial CPC committee and provincial governor; Liu Peng, standing committee member of the provincial CPC committee and provincial vice governor; Ma Shizhong, provincial vice governor; (Yan Ying), vice minister of the State Economic Commission; (Yuan Geng), general manager of the (?transportation) and Commercial Bureau of the Ministry of Communications and chairman of the Shekou Industrial Zone Administrative Committee; and responsible comrades of the State Planning Commission, the special zone office of the State Council and pertinent provincial departments. Comrade Gu Mu inspected the economic and technical development zones and tourist areas which are being planned in Yantai and Qingdao cities, visited plants and rural areas, and heard work reports on further development given by (Wang Jifu), secretary of the Yantai City CPC Committee, Dong Chuanzhou, Mayor of Yantai City, (Wang Jinwu), secretary of the Qingdao City CPC Committee, and Zang Kun, mayor of Qingdao City. [Excerpt] [SK160545 Jinan Shandong Provincial Service in Mandarin 2300 GMT 15 Sep 84]

CSO: 4006/4

## ECONOMIC PLANNING

### WAN LI URGES BEIJING TO RELOCATE FACTORIES

OW101208 Beijing XINHUA in English 1152 GMT 10 Sep 84

[Text] Beijing, 10 Sep (XINHUA)--Vice-Premier Wan Li urged Beijing to move some of its factories to its surrounding countryside for the benefit of both the urban and rural areas of the capital, according to a report in the BEIJING DAILY today. The vice-premier made the remarks on 2 September while inspecting a rural industry exhibition.

He said that Beijing should first of all abolish backlane factories and let the surplus peasant labor do the jobs. This is viewed as a major step toward a new urban-rural relationship and narrowing the gap between town and countryside.

He proposed that industries follow the experience of the Beijing washing machine plant which has 98 percent of its parts made by rural factories.

He reaffirmed the principle of not copying foreign models blindly in modernizing China. He said the modern industry of developed capitalist countries rose under the conditions of abundant funds and serious shortage of labor. "Developing urban industry in developing countries will lead to deterioration of the urban environment, influx of people from rural to urban areas and growing unemployment," the vice-premier said. "What we advocate is the simultaneous development of both urban and rural areas, which will enable the rural areas to get cheap and practicable new technology and establish thousands upon thousands of workshops in the shortest possible time," he said.

This principle applies to other big and medium sized cities as well, the vice-premier said. He encouraged Beijing to develop more rural industries. Beijing has now nearly 9,000 factories on its outskirts, employing more than 500,000 people, about a quarter of the rural labor power. It is impossible for the peasants to become better off without engaging in processing industries and commerce, he said.

CSO: 4020/187

## ECONOMIC MANAGEMENT

### NATION'S ECONOMY SHOWS 'RAPID, SOUND DEVELOPMENT'

OW081441 Beijing XINHUA in English 0846 GMT 8 Sep 84

[Text] Beijing, September 8 (XINHUA)--Consistent readjustment over the last 5 years has launched China's economy on a road of steady, sound development, with substantial production increases, a basically balanced budget and improved living standards for the people.

The readjustment, started in 1979 by a decision of the central authorities, is aimed at achieving a balanced growth of the national economy to pave the way for further progress.

During this period, the country's industrial and agricultural output value has grown at an average annual rate of 7.9 percent while many parts of the world were hit by economic recession and stagnation.

After reaping good harvests for 5 years in a row, China again reported a record summer grain harvest this year. Industrial production showed an 11.6 percent increase in the first 6 months.

China has achieved a basic budgetary balance since 1981, ending the considerable financial deficit which existed between 1978 and 1980.

The domestic market is prosperous, with plentiful supplies of meat, eggs, cereals, fruit, textiles, and other consumer goods. Except for state-supplied grain cooking oil and a few other items, coupons are now no longer needed for buying most of the daily necessities. Cotton and cotton cloth coupons, in use for 30 years, were abolished at the end of 1983.

China started its economic readjustment against this background: In the 30 years between 1949 and 1978, output of its heavy industry had shot up 90 times and that of light industry 20 times, while agriculture production rose only 3.4 times. Although heavy industry was indispensable for putting the country's economy on a self-reliant basis, the lopsided emphasis on heavy industry had resulted in a shortage of a wide range of consumer goods.

In addition, the central authorities pointed out, the proportion of the funds set aside for accumulation was far too large and had to be readjusted to increase the proportion spent on consumption and improve people's living conditions.

With the adoption of the production responsibility system in the countryside which links output to economic benefits, the peasants' initiative has risen. As a result, grain output rose by 82.51 million tons in 5 years--equivalent to the total increase in the 12 years before 1978. Cotton output doubled to 4,637,000 tons in 1983--putting China in first place among world grain and cotton growers.

In the industrial sector, priority is now given to textile and light industries in investment, supplies of raw materials, transport, bank loans and the use of foreign exchange. These industries have grown at an annual rate of 11.2 percent in the past 5 years, thus affording plentiful supplies of consumer goods.

Heavy industry has slowed down its growth rate in the past 5 years, although it has still risen 5.2 percent each year since 1979. As a result, agriculture and light industry have grown faster than heavy industry. Agriculture constituted 30.8 percent of the combined value of the nation's industrial and agricultural output in 1983, compared with 27.8 percent in 1978. The proportion of light industry rose from 31.1 percent to 34.1 percent, while that of heavy industry dropped from 41.1 percent to 35 percent.

To improve the living standards of the workers and peasants, the state has raised purchase prices for farm produce, increased wages and bonuses, and speeded up urban housing construction.

The per-capita income of China's 800 million peasants soared from 134 yuan in 1978 to 310 yuan in 1983--an increase of 120 percent. Funds accumulated for economic construction in the state budget constituted about 30 percent of the gross national product in 1983, compared to 36.5 percent in 1978.

However, energy shortages and strained transportation still restrict China's economic growth, while the variety and amount of consumer goods cannot meet the increasing demands.

Earlier this year, Premier Zhao Ziyang said that another 3 to 5 years would be needed to readjust the relations between various economic sectors to lay a sound foundation for vigorous economic development in the 1990's.

CSO: 4020/190

## ECONOMIC MANAGEMENT

### RURAL SMALL TOWNS IN JIANGSU, ZHEJIANG

OW180226 Beijing XINHUA in English 0141 GMT 18 Sep 84

[Article: "Small Towns--'Reservoirs' for Surplus Rural Labor Force"]

[Text] Beijing, September 18 (XINHUA correspondents)--A recent 2-month tour of heavily populated Jiangsu and Zhejiang Provinces shows a variety of new ways being tested to give employment to labor not needed on the land while providing the market with needed goods. An important one is development of small rural towns.

The two provinces have a mild climate, good soil and many waterways. Southern Jiangsu is within reach of the industrial hub centered by Shanghai. Parts of Zhejiang, however, lack road and rail connections. Both are densely populated.

Take Suzhou, often called "China's Venice" because of its many rivers and canals, for example. It averages at least 15 people to one hectare of farmland. Experts estimate that an ordinary farmhand here and in other areas south of the Yangtze River can work at least half a hectare. What then can the surplus labor power usefully do?

Rural collectives, that is undertakings run by township economic committees and villagers' committees, in the six counties under the jurisdiction of Suzhou have started more than 8,000 factories. They employ 725,000 people, half the rural labor force in the area. Large and better equipped factories--2,500 in all--are in the 129 small towns in the area, and have a total of 250,000 workers.

Such small rural towns are the sites of county, district and township governments, which are usually located near waterways or roads and have a few thousand to 100,000 inhabitants. Most of them sit right in the middle of the villages under their jurisdiction.

One of the towns we visited is Pingwang in Wuxian County under the jurisdiction of Suzhou. The town is helping Shanghai, 100 kilometers to the east, to produce an annual average of 3 million sewing machines which are popular at home and abroad. Shanghai makes the machines and factories in the town produce all tables, needles and other accessories.



Sales of these sewing machines are controlled by the government, local officials say, and Shanghai factories ensure the supply of fuel and materials to Pingwang and provide it with technical guidance.

Shanghai, too, benefits from the cooperation. If everything had to be produced there, annual output would be cut by half. "Shanghai is overcrowded and space is hard to get when factories want to expand production," says Feng Yuzhang, a senior official at the Jiangsu Provincial Bureau of Rural Industries.

At least half of the 8,000 rural factories in Suzhou are directly servicing city factories and research institutes in Shanghai as well as Nanjing, Suzhou, Wuxi and Changzhou, which are lesser communication hubs and industrial centers.

Rural factories are exempt from taxes in the first 1 to 3 years of operation. Those producing on government orders or orders from state-owned enterprises have guaranteed supplies of fuel and materials.

[OW180228] Unlike southern Jiangsu, a vast plain dotted with lakes and criss-crossed by rivers and canals, southern Zhejiang is mountainous. Wenzhou is on the coast, hemmed in on three sides by mountains. It has neither rail nor air links with other places. Our travel from Hangzhou, the provincial capital, to Wehzhou was a bumpy 11-hour bus ride.

The 9 counties under the jurisdiction of Wenzhou average more than 30 people to one hectare. The city of Wenzhou has a population of 353,800 in an area of 11.3 square kilometers--an average of 31,700 people per square kilometer, compared to Hong Kong's population density of 28,500 people per square kilometer.

Wenzhou area has 1.88 million rural laborers. Local officials say that now of them are still in villages, farming, raising small livestock, breeding fish in ponds or making handicrafts. [as received] The coastal villages breed edible seaweeds and marine products.

Rural collective factories in Wenzhou employ 300,000 workers and family industry and commerce, 250,000. Another 101,000 people are full-time sales and purchasing agents. A total of 174,000 people are working on construction and other jobs on contract in other parts of China.

Local officials describe rural towns as vital to the development of the area's rural economy. Almost all businesses--collective and private--are in small towns which are usually local hubs of communication.

What has impressed us most is the capabilities of private businesses in absorbing the surplus rural labor force. An example is Liushi town, Yeqing County in Zhejiang, where peasants from nearby villages are operating 1,000 family workshops. These, plus private service establishments also run on a family basis, provide permanent jobs to 10,000 people and a maximum of several thousand temporary jobs when there are rush orders.



The problem of the surplus farm population has engaged the attention of an eminent Chinese sociologist, Professor Fei Xiaotong. Fei began his studies of small rural towns in the 1930's and is now director of the Sociology Institute under the Chinese Academy of Social Sciences and an honorary member of the London School of Economics. In an interview with us, he said that there would be an inevitable drift of rural people to cities with the growth of the economy. But the big cities "cannot possibly, due to limitation of space among other factors, build the factories to accommodate them." A solution would be expansion of small rural towns.

Fei Xiaotong predicted that by the turn of this century, 300 million rural people--140 million able-bodied workers and their family members totaling 160 million--would make their living in small rural towns, accounting for 40 percent of the rural population. By then, he said, only about 30 percent of the rural population would still live by farming, compared to 80 percent as now. The remaining 30 percent would specialize in forestry, animal husbandry, fishery and rural sidelines.

The next story will deal with production in small towns and some of the questions they raise.

CSO: 4020/190

## ECONOMIC MANAGEMENT

### RESEARCH FUND AIDS IMPROVING STATE FINANCING

OW151010 Beijing XINHUA in English 0911 GMT 15 Sep 84

[Text] Beijing, September 15 (XINHUA)--A joint seismological research fund was established here this week, in a new move to improve state financing. For basic and applied science development.

The fund includes Institute of Geophysics and the Engineering Mechanics Institute under the State Seismological Bureau, the Earth and Space Science Department of the China Science and Technology University and the Geology Department of Beijing University.

State appropriations for research were channeled through various administrative departments to which scientific institutions are affiliated. This helped encourage departmentalism, localism and the duplication of research projects. The problems also hampered state supervision of the orientation, focus and results of its investment.

The four organizations concerned have agreed among themselves to pool the state appropriations they are entitled to and set up a joint fund to promote seismological studies irrespective of their affiliation. This pioneering effort is likely to develop into a new program for the basic science development under the new program, the funds will open research projects to applications from researchers throughout China. A national panel of judges in each field will examine the applications, basing their decisions on an order of priority. The funds will then finance project expenditures, management and other expenses.

The move was another major one in the reform of China's science department system, following the institution of the paid contracting system in technical development, the State Council science and technology leading group said in announcing the program.

The competition produced by the reform will provide golden opportunities for competent researchers, the GUANGMING DAILY, China's leading newspaper for intellectuals, added in a commentary today.

CSO: 4020/190

## ECONOMIC MANAGEMENT

### WAN LI SPEAKS ON COOPERATION AT TIANJIN SEMINAR

OW171901 Beijing XINHUA in English 1843 GMT 17 Sep 84

[Text] Tianjin, September 17 (XINHUA)--The growing trend toward domestic economic and technical cooperation is a major part of China's reform program, Vice Premier Wan Li said here today. Wan told the opening session of a national seminar that the reforms will break down long-standing barriers between departments and administrative divisions and boost the country's economy.

The development of economic and technical cooperation is a vital trend in international economics as well as a necessity for China, he noted. "Any place that follows a closed door policy will surely lag behind," he said.

Wan stressed support by coastal cities and provinces for undeveloped regions in China's interior. "Only when these regions change their situation can the national economy develop faster," he said.

The State Economic Commission, the vice premier added should strengthen its leadership, provide the latest technical information and promote further legislation to aid domestic cooperation.

China has set up cooperation offices in 20 provinces, municipalities and autonomous regions. In 1983, agreements on 8,549 cooperative projects were signed, 40 percent more than in the two previous years together.

The ministries of coal, railways and water resources and electric power, together with the State Bureau of Building Materials, joined local departments to raise a total of 4 billion yuan for mining and railway construction, power stations and building materials projects.

CSO: 4020/190

## ECONOMIC MANAGEMENT

### XINHUA CONTINUES REPORTAGE ON SMALL TOWNS

#### Market Economy Receives Encouragement

OW190154 Beijing XINHUA in English 0130 GMT 19 Sep 84

[XINHUA editor's note: This is the second story of the small town series.]

[Text] Beijing, September 18 (XINHUA correspondents)—China's biggest wholesale center of buttons is Qiaotou, a rising town in southern Zhejiang with a population of 10,000. It is by the side of a highway, with mountains on three sides. It is producing a yearly average of three billion buttons in thousands of varieties.

Pioneering the button business was a group of Qiaotou peasants who had worked on odd jobs in Jiangsu a few years ago. They picked up some buttons discarded by a backyard factory recycling waste materials and repaired the most attractive ones. On their way home, they sold them easily. They sensed that the demand would grow as people were becoming more clothes-conscious.

So they started some small button workshops which soon proved to be profitable. Following their example, others in the town and nearby villages began starting button workshops, too. "Button businesses require little investment and are easy to operate," one local official says. "The workshops concentrate on buttons not available elsewhere or in short supply. That is the secret of their success."

Under a new set of policies to boost the economy, Chinese peasants are now allowed to start private workshops in small towns, provided that they continue farming to provide their own food grain. They are also encouraged to engage in long-distance transport or distributive trade.

Scores of people in Qiaotou are full-time sales agents, traveling all over the country to promote sales and collect market information. Family workshops in the Zhejiang do most of their business in Tibet, Xinjiang, Gansu, Qinghai and other border or outlying regions.

"These are places often beyond the reach of the government supply system," says Zheng Dajiong, a policy expert for the Wenzhou City Communist Party Committee. "By servicing them, private commerce is supplementing the government supply system now being streamlined for higher efficiency."

The prices of such small items as pins and needles, shoe-laces, straw hats, woven baskets and buttons now float with market demand. But the government continues to control the prices of export items and products essential to the national economy and people's life, including machines, food grain and textiles.

Most of the family workshops and village factories produce small, simple things. But some bigger ones in Jiangsu Province are turning out advanced products including high quality textiles and precision machines. Jiangsu's rural factories in 1983 yielded nearly 16 billion yuan in output value, accounting for more than one-fifth of the province's total industrial output value.

In addition to signing contracts for rural industries to produce accessories and parts, we were told, city factories retooling for new products, would transfer their phased-out technology and equipment to rural factories provided the goods still have a market. Rural factories may also contract to test out new products and ideas developed by city factories and research institutes.

Smaller collective factories and family workshops now find it easier to buy steel, plastics, fuel and other materials on the open market. The policy allows state-owned enterprises to sell a portion of their products in the open market beyond government quotas in order to stimulate production and better economic performances.

These new policies aim at developing a market-oriented rural economy to eventually replace the traditional semisubsistence small farming economy, we were told. "China cannot modernize if peasants--accounting for 80 percent of its population--are tied to fields, toiling all the year round to feed themselves and their countrymen in cities," said Wenzhou rural policy expert Zheng Dajiong.

He stressed: "Small towns will surely expand when factories and service establishments are started there in growing numbers."

Next we'll look at the new appearances of small towns.

#### Construction, Development

OW200432 Beijing XINHUA in English 0232 GMT 20 Sep 84

[XINHUA editor's note: Following is the third story of the small town series.]

[Text] Beijing, September 20 (XINHUA correspondents)--One of the small towns in southern Zhejiang's Wenzhou we visited is Baixiang, where 680 brand new buildings two to five stories high line streets wide enough to allow tow trucks to pass. Family businesses are housed on the ground floor and the families live on the upper floors. Local people told us that the town used to be a cluster of huts with roads slippery with mud on rainy days and "too narrow to allow the passage of a coffin when somebody died."

The town began to change after the current policies came into force in 1979. Like their counterparts in other parts of Zhejiang, peasants in the surrounding villages--20,000 in all had traditionally undertaken rural sidelines and handicrafts to supplement income from farming. Now they set about expanding their businesses and, as a result, family workshops--village factories as well--began converging on the town which is the site of the township government and the hub of local communication.

Businesses became profitable almost immediately after they moved into the town, local people said. One of our interviewees contributed 500 yuan to the Baixiang town construction fund in 1982 and, in return, he was allocated 100 square meters to start a workshop producing simple electrical gadgets. In less than half a year, he told us, the workshop yielded a net profit of 6,000 yuan.

In Zhejiang, it is now a rule that factories--both collective and private--in small towns are responsible for maintaining, and widening if necessary, the sections of streets in front of their undertakings. Permission to start collective or family factories and shops in small towns requires a contribution of anywhere between 500 to 1,000 yuan to the construction funds, in return for the space needed for such purposes.

In Wenzhou, according to rural policy expert Zheng Dajiong, more than 1,000 projects were built between 1980 and 1983 in the 9 counties under the jurisdiction of the city. The total construction cost was 132 million yuan, of which 82.23 million yuan came from the town construction funds. The rest, 44.99 million yuan, came from the government and was used to build post offices, hospitals and other public facilities.

In Jiangsu, the development funds are furnished by the collective industries run by township economic committees. Small towns in the six counties under the jurisdiction of Suzhou allocated an average of 10 million yuan of industrial profit for their own improvement each year between 1981 and 1983.

In both Jiangsu and Zhejiang, the government builds roads from counties to towns as well as public facilities.

Local governments, which own the land in towns, and rural collectives, which own it in the surrounding areas, are responsible for town planning and zoning and each town has a special office in charge. The office provides designs for various kinds of buildings.

New buildings are not to exceed two or three stories in most parts of southern Jiangsu, a vast plain surrounding the picturesque Lake Taihu. In mountainous southern Zhejiang, however, most new buildings are three to five or even six stories high. This saves space, which is in short supply. Local people also feel that tall buildings blend in well with the surrounding mountains.

Construction planning offices undertake to protect ancient streets, bridges and buildings of historical interest. We noticed that in almost every town, at least one old street is preserved along with the buildings on both sides, in order to show people what the town used to look like.



In addition to factories and shops, our interviewees said, new hotels and cultural centers have to be built for the incoming business people and along with the improvement of living standards of local folks.

Governments are busy building new post offices and expanding existing ones in mountainous southern Zhejiang. Transport there is difficult and family factories, which produce in relatively small quantities, have to send most of their products to customers by mail.

Also mushrooming are schools, adult education centers and other facilities providing technical and managerial training. "We have everything city people have--department stores, restaurants, theaters, cinemas--just everything," said an interviewee in a small town in Jiangsu. "And we have better air which city people don't have. So why should we bother to move into cities?"

#### Peasant Workers Thirst for Knowledge

OW210508 Beijing XINHUA in English 0135 GMT 21 Sep 84

[XINHUA editor's note: This is the fourth story of the small town series.]

[Text] Beijing, September 21 (XINHUA correspondents)--It was long after work when we arrived one summer evening at the Tangqiao computer memory system factory in Shazhou County of Jiangsu Province. The factory's meeting hall was brightly lit for a class of 50 young men and women having an English lesson given by a teacher from the Nanjing Teachers' College in the provincial capital.

These were young workers chosen from senior middle school graduates who had failed to pass this year's entrance examination for colleges with marks close to the admission level.

In Jiangsu Province, the rule is that people applying for jobs in factories producing high-tech products must have a senior middle school diploma. Lesser factories in rural towns and village workshops choose their workers from among junior middle school graduates.

Apprentices attend courses in physics, mathematics, English and other subjects, depending on the nature and specific requirements of their work. "In our case," said Pang Shaoxi, deputy director of the Tangqiao computer memory system factory, "English courses are compulsory so that after 2 years the new workers can read literature on computer technology in simple English."

After graduating from middle school, Pang Shaoxi finished higher technical school courses by himself. Now 32, he is known for designing, together with a colleague, the memory system on the ground control system for the communication satellite launched by China earlier this year. "Once in industry," he said, "you are compelled to learn."

In every town we visited, there are new education facilities--schools, adult education centers and job-training centers, apart from short-term training sessions run by factories.



Most of the teachers are from research institutes, state-owned enterprises and colleges in cities. Factories and research institutes are obliged to impart knowledge to workers of rural town factories which undertake on contract to test out their new products or new ideas.

In addition, we were told, young people in tens of thousands were receiving technical training or attending college courses in Shanghai, Nanjing, Hangzhou and other cities. Training is now available to workers of family factories as schools and research institutes in cities now run training sessions for a small fee.

In the initial stage of the development of rural industry, technology was mostly provided by retired city workers, many of whom were peasants who had been compelled in the old days to leave for the cities to make a living.

Even now, we noticed, almost every family factory in Zhejiang Province relies on a retired worker, who is often a relative or family friend. In more industrially developed areas like southern Jiangsu, the skills and experiences of retired workers are still valued but, as rural industrialization advances, factories turning out high-tech products are badly in need of guidance from experts.

"And experts are willing to come, because they can count on rural factories for the space and labor force needed to test out their new ideas," said Pang Shaoxi, deputy director of the Tangqiao computer memory system factory.

CS0: 4020/190

## FINANCE AND BANKING

### PEASANTS INVEST IN FACTORIES, BUSINESSES

OW141923 Beijing XINHUA in English 1441 GMT 14 Sep 84

[Text] Beijing, September 14 (XINHUA correspondents)—Chinese peasants, now enjoying increasing prosperity under the current rural economic policies, are investing in factories and businesses in their home villages and other parts of the country.

In Jiangsu Province, east China, peasants pooled 254 million yuan in the first 7 months of this year to help start or expand 23,900 industrial projects in villages and nearby towns.

In Fujian Province, peasants invested 140 million yuan in 21,700 new factories between June 1983 and June 1984, providing jobs for 110,000 people.

Figures for the whole country are not yet available, but reports in the Chinese press indicate that many provinces are experimenting a rapid growth in peasant-financed businesses.

One new technology development company started by peasants and scientists in Anhui Province earlier this year offers advice and other services and sells shares to the public at 1,000 yuan each. One peasant in Wuxi County in the neighboring Jiangsu Province is reported to have bought 10.

Peasants in Shunyi County near Beijing have invested 1.5 million yuan in the construction of a hospital with 130 beds.

China now encourages peasants to switch from farming to industry and other enterprises. In some of the better developed areas in southern Jiangsu, about half the rural labor force now works in industries run by their collectives. Surveys by XINHUA indicate that an average rural factory worker earns about 1,000 yuan a year—as much as a city worker. His wage is supplemented by income from the farming sector. As a rule, rural factory workers continue farming the plots contracted from their collectives. Under the rural job responsibility system, they may retain whatever remains after paying tax-in-kind and meeting government quotas for sales of surplus grain and quotas for contributions to the collective accumulation and welfare funds.

Peasants now have more and more money to deposit in banks. Peasants in the three counties under the jurisdiction of Wuxi City, Jiangsu Province, now

have bank deposits amounting to 309 million yuan. They have since the beginning of this year invested 70 million yuan in local collective industries.

Peasant investors are entitled to work in factories. In southern Jiangsu, each family can send one adult member to work in industry for an investment of 1,000 or 2,000 yuan. Investment is generally recovered in 3 to 5 years, plus an interest—in many cases calculated at a rate higher than that of the savings bank.

In order to expand its glass works, Lili township in Wujiang County near Suzhou decided to seek 400,000 yuan from 400 families. But more than twice as many families turned up to apply the day after the decision was announced. In addition to expanding the glass works, local officials told XINHUA, the township has also enlarged a printing and dyeing factory and a plastics plant.

Rural industries in Fujian Province employ 1.45 million people, or 20 percent of its rural labor force, and provide 40 percent of the total income from its countryside.

Changle County in Fujian is a traditional producer of bricks. In addition to running their own brick kilns, peasants there have started 139 joint enterprises in 28 cities and counties in Guangdong and Guizhou Provinces where there is a ready market for bricks. They have a combined output value of 20 million yuan a year.

CSO: 4020/190

## INDUSTRY

### RENMIN RIBAO ON MACHINE-BUILDING INDUSTRY GAINS

HK190717 Beijing RENMIN RIBAO in Chinese 16 Sep 84 p 1

["Facts and Figures" column: "Machine-building Industry Products Are Exported to 140 Countries and Regions"]

[Text] In the 35 years since the founding of the country, our machine-building industry has developed into a rather enormous and advanced industrial system with all the necessary branches. At present, the country has a total of 101,649 machine-building industrial enterprises (including those run by communes). The gross output value created by the enterprises under the Ministry of Machine-building Industry has fulfilled the quota under the Sixth 5-Year Plan 2 years ahead of schedule. The output quotas for machine tools, automobiles, internal combustion engines, and walking tractors in the Sixth 5-Year Plan have also been fulfilled 2 years ahead of schedule.

The machine-building industry has furnished various departments of the national economy with abundant mechanical facilities. Of the facilities owned by the departments in charge of such basic industries as the metallurgical industry, the power industry, the coal industry and the petrochemical industry, 80 percent are produced by China.

--By 1983, the industry had produced power generating facilities with a total generating capacity of 68.7 million kilowatts. Now, it can produce, in each year, power generating facilities with a total generating capacity at least twice that of the power generating facilities installed throughout the country in 1949.

--Each year, it can turn out heavy machinery with a total weight of several hundred thousand tons. By now, it can produce die-forging hydraulic presses weighing 30,000 tons each, large steel and aluminum sheet-rolling mills, the complete set of facilities to be installed in the Ma An Shan Tire Factory for producing tires, complete sets of facilities with an annual production capacity of 1.5 million tons each for iron and steel complexes, and technical facilities for excavating large open cut mines.

--It has furnished the petrochemical industry with drilling and extracting facilities such as drills with a drilling capacity of 4,500 meters each, crude oil refining facilities capable of refining 2.5 million tons of crude

oil a year, and complete sets of mammoth facilities for producing synthetic ammonia and urea.

--In a little more than 30 years, it has turned out more than 2 million machine tools, or, in other words, more than 30 times the machine tools in the country in 1949. It can produce more than 1,500 types of machine tools, of which more than 130 are precision machine tools and more than 40 are digital process control machine tools.

--By 1983, China was able to produce 240,000 automobiles a year. In the past 30 years or more, more than 2 million automobiles and more than 80 models have been produced.

--The machine-building industry has turned out vast quantities of household electrical and mechanical appliances. The number of cameras produced in 1965 was less than 20,000. The number rose to 870,000 in 1983. The number of film projectors produced increased from 3,800 in 1965 to 34,000 in 1983.

China's mechanical and electrical products have been exported to more than 140 countries and regions. High-grade products and complete sets of facilities are replacing ordinary mechanical and electrical products as its major mechanical and electrical export products.

CSO: 4013/01

## INDUSTRY

### CHINA'S FASTGROWING ELECTRONICS INDUSTRY

OW110915 Beijing XINHUA in English 0638 GMT 11 Sep 84

[XINHUA headline: "PRC: China's Fast-growing Electronics Industry"]

[Text] Beijing, 11 Sep (XINHUA)--The electronics industry has become one of the fastest-growing sectors of the Chinese economy.

In the first 7 months of this year, the industry's output rose 42 percent over the same period a year ago. Production of computers, microcomputers and integrated circuits increased by 26, 91 and 58.7 percent, respectively, while that of household appliances including color televisions and tape recorders also went up dramatically.

Over the past 5 years, China's electronics production registered an annual growth of 12.2 percent, far above the average recorded by industry nationwide. The output value in 1983 exceeded the target set for 1985, the last year of the Sixth 5-Year Plan (1981-1985).

The Ministry of Electronics attributed the rapid growth to government decisions giving priority to the industry in China's modernization drive. Factories and enterprises in other sectors have also called on the electronics industry for new production technology, while consumer demand for more electrical appliances has continued its steady climb, they added.

China has increased its electronics technology imports, purchasing 20 large and medium-sized projects and 126 production lines to help raise production capacity and improve quality.

Following a call by Premier Zhao Ziyang, the Ministry of Electronics has mapped out long-term plans to boost its overall output to 80 billion yuan (nearly \$40 billion) by the turn of the century--an annual growth of 10.9 percent. Certain products and technology are expected to catch up with the world advanced level.

Top priority will be given to large-scale integrated circuits, computers and military equipment for the country's national defense. Other key products will include equipment for radar and telecommunications, navigation, broadcasting and television transmitting and electronic instruments and meters.

Imports of advanced technology and equipment will be continued. Efforts will also be made to train large numbers of scientists and technicians.

China built its first computer in 1959. Since then, it has been able to turn out computers, peripheral equipment and terminals in small numbers, while providing software and service. A supercomputer able to make 100 million calculations per second was completed last year.

Computers are now being used in the railway, petroleum, coal and textile industries, as well as in scientific research.

Since 1979, Chinese scientists have successfully designed 36 large-scale integrated circuits, all of which are now in serial production.

CSO: 4010/04



## INDUSTRY

### TIAN JIYUN SPEAKS ON FOOD INDUSTRY AT CONFERENCE

HK140923 Beijing RENMIN RIBAO in Chinese 5 Sep 84 p 2

[Speech by Tian Jiyun, vice premier of the State Council: "Our Country's Food Industry Must Have a Big Development—delivered at the National Conference on Food Industry (3 September 1984)"]

[Text] The main purpose of this national conference on food industry is to request all the delegates to study how to implement the "National Outline for the Development of the Food Industry." This outline has been worked out under the supervision of leading comrades from the CPC Central Committee and the State Council. It has summed up the positive and negative experiences in the development of the food industry since the founding of the PRC and embodied a series of directives issued by the CPC Central Committee and State Council since the 3d Plenary Session of the 11th CPC Central Committee on developing the food industry. Representing an important document for guiding the development of the food industry in China, this outline has been approved by the State Council. It is therefore hoped that all regions and the related departments will take powerful measures to organize the implementation of this outline on the basis of specific conditions.

Today, I am here to express my views as to how to develop further the food industry.

#### I. It is Imperative To Be Fully Aware of the New Situation in the Food Industry

Since the 3d Plenary Session of the 11th CPC Central Committee and following the readjustment of the national economy and the growth of agricultural production, the food industry in our country has made considerable development. The industry now has formed 24 trades that include the grain processing, edible oil, sugar and starch industries. Food industry enterprises owned by the whole people total more than 60,000 at present. In particular, the food industry in rural areas and townships has developed very rapidly, with its industrial output value in 1983 more than double the figure for 1979. By the end of 1983, there was a total of 250,000 food industry enterprises in rural areas, coupled with 2 million households that are specialized in processing food. But taken as a whole, the food industry in China is still very backward and it still represents a weak link in the whole national economy. The main problems of the food industry include outdated equipment and technology,

incomplete comprehensive utilization and very low utilization rates. For example, the utilization rate of corn in producing starch in certain advanced countries has already reached as high as more than 95 percent; but the average figure for China is less than 80 percent. Other problems include high energy consumption; compared with other countries, energy consumption of the food industry in China is 100 to 400 percent higher; low quality, poor sanitation conditions, and backward packaging. Exported foods are not competitively strong and a number of the exported foods have caused serious losses. In economically advanced countries, the gross output value of food industry is higher than gross-agricultural output value. But the gross output value of the food industry in our country is only 30 percent of gross agricultural output value. This situation of the food industry in our country is seriously contradictory with the development of the whole national economy, and particularly with the development of agriculture, the needs of the people's constantly improving living standards and the needs of foreign trade and exports. It can be said that our food industry is facing new situations and new challenges. We must be fully aware of these new situations and meet the new challenges.

First of all, the great development of agriculture has provided a reliable material foundation for the food industry and at the same time, this development has set a still higher demand on the food industry. Thanks to the implementation of a series of party principles and policies in rural areas during the past few years, peasants have become unprecedentedly enthusiastic in carrying out production. And as a result, the output of agricultural and sideline products has grown by a large margin. China has recorded bumper grain harvests for 5 successive years since 1979. Grain output increased by more than 50 billion jin for 2 successive years in 1982 and 1983. Grain output across the country in 1983 totaled 774.5 billion jin, an increase of 165 billion jin over the total grain output in 1978, to hit a new record and make China the biggest grain producer in the world. [HK140925] China has also recorded bumper harvests of summer grain and early rice this year. The output of the summer grain is expected to reach more than 177 billion jin, 8.8 billion more than the previous year, with a growth of over 5 percent. Increases of grain production have been followed by big increases of state grain purchases. The grain purchased by the state in 1983 totaled 182.4 billion jin, almost doubling the figure of 95.7 billion jin for 1978. Certain provinces and regions that imported grain from other places in the past are now in a position to transfer it to other places. These situations and statistics showed that the grain situation in China has basically changed. The problem of "being underfed" has become history across the country. Now with more grain in stock, peasants have found it difficult to sell grain and edible oil. And the state also has more grain in stock and consequently it has also been difficult for the state to store grain and edible oil. The broad masses of peasants and grain departments have urgently demanded to develop food industry and process agricultural products on the spot and sell them as soon as possible. It is reported that a great amount of agricultural sideline products such as fruit, vegetable and aquatic products have spoiled in many places because they were not processed in time and this situation has caused serious waste.

While our agriculture and grain production have developed considerably, we must also understand that the level of our agriculture and grain production is low. We can in no way become conceited with this achievement, nor can we stop making progress, let alone resort to the policy of restricting the development of grain production. Compared with economically advanced countries, our average per capita share of grain is still lagging very far behind and it is also much lower than the medium-level developing countries. The structure of the food consumption of the people in China is still based on grain as the main staple and most people can easily feed themselves by relying on simple food. Why have we found that our grain is excessive and we cannot digest it since our grain production is still at such a low level? It is true that one of the reasons is that there is a problem in the circulation link of grain, with a backward level of exchange. But what is more important is that the structure of food consumption in our country is backward. That is, our food consumption is mainly based on unprocessed food grains, with very little proportion of meat, eggs and milk. Once our food structure has been changed to develop to a higher level, the amount of the directly consumed grain will decrease, but the total grain consumption volume will increase considerably. The grain that is directly consumed is quite low in some countries; but their total consumption is much higher than ours. Per capita average grain consumption is only more than 120 jin annually in some advanced countries. But the meat, eggs and milk consumed by the people in these countries have been made possible through the exchange of an average of more than 1,000 jin of grain per capita annually. In fact, per capita annual grain consumption is 1,200 to 1,300 jin. This consumption level is realized through food processing and fodder processing. Therefore to see from this point, our grain production is still low and the excessive grain only represents a temporary situation and we cannot because of this situation resort to the policy of restricting grain production. We must take active measures to manage well grain production and at the same time we must spare no effort to develop food industry in a big way and open up new ways for developing grain production.

The food industry and agriculture promote each other. The development of agriculture will provide the material foundation for the food industry. The development of the food industry will further promote the development of agriculture. The food industry represents the continuation and extension of agricultural production and an important link of the benign cycle of agricultural production. [HK140927] Under the condition of self-sufficient natural economy, food processing is the sideline of agriculture. But following the development of the production of agricultural commodities and industry, food processing has gradually developed into an industry. Through the processing of agricultural products, the food processing industry has made rational use of resources to promote an all-round development of agriculture. Agricultural products, particularly fresh agricultural products, cannot be developed into massive commodity production unless they are processed. Food processing will promote the development of fodder production and consequently develop breeding and planting undertakings to promote the benign cycle of agricultural production. That is why people have described agriculture and the food industry as the two wheels of a vehicle to vividly show the relations between these two aspects. China has a huge rural population but with limited cultivated land. Therefore before we are able to invigorate the rural economy and double agricultural

production so that the 800 million peasants become rich as early as possible, we must further develop agricultural production. And in addition, it is also imperative to develop rural and township industry, particularly the food industry and the fodder industry. Therefore, in accelerating the development of the food industry, we must consider not only food industry itself but also the whole situation of the development of the national economy and market exploitation for the further development of agriculture. Although agriculture in China has developed considerably, its development will be restricted, unless measures are taken to develop the food industry and the fodder industry in a big way. The leadership at various levels must pay enough attention to this question.

Second, the improvement of the living standards of both the urban and rural populations demands the promotion of the food industry as early as possible. The income of the urban and rural populations has increased rapidly over the past few years thanks to the development of production. Peasants' average per capita income in 1983 was more than 300 yuan, 130 percent higher than the figure for 1978. The income of urban workers and staff members in 1983 was an average of over 520 yuan per capita, 66.5 percent higher than 1978. Rapid growth in the income of the urban and rural populations means more new demands on processed food. Part of the peasants that have become rich earlier than others are now living in more spacious houses and they have paid attention to nourishment, beautiful clothes and high quality industrial products for daily use. In the past, peasants were not in a position to buy such foods as baby food, nutritional food, food for the aged, health food, fast food and tourist food; but now these foods have become their first selection. Therefore it can be seen that the structure of peasant food has begun to change and the natural economy in which peasants mainly lived on what they have produced is also in the process of changing. Urban population and foreign and domestic tourists have demanded more varieties of food and increasing numbers of them have demanded to purchase high quality food as well as famous specialty food. But most of our processed foods are semifinished while finished products are few; most are general products while high quality products are few. In addition, food varieties are monolithic and the quality is low. Therefore these products can in no way meet the needs of the lives of the people both in urban and rural areas. It is because of the backward food industry that people in China spend much of their efforts and time in the kitchen. In advanced countries, about 80 percent of the food consumed is industrial food. But the figure for the people in our country is only 32 percent, the remainder is unprocessed natural foods, most of which have to be cooked by the people themselves. This situation has wasted not only food resources and energy but also manpower and causes serious spiritual pressure on people. Experts calculated that almost 200 million people are busily engaged in kitchen work every day. Some comrades said that they are "busy in the morning, carrying out action at noon, and exhausted in the evening" and consequently their work and study, education of their children and their cultural activities have been seriously affected. If we develop table food and fast food in a big way, we will be able to drastically decrease household labor and in this way, people will have more time and effort for their work, study and cultural activities to promote the building of material civilization and spiritual civilization. [HK140929] The purpose of both the production and construction in our



socialist country is to ultimately meet the increasing needs of people's material and cultural lives. Therefore we must spare no effort to develop the food industry in a big way so as to meet the needs of people's constantly improving living standards.

Third, the food industry must develop multilevel processing and comprehensive utilization in a big way so as to improve economic results. China abounds in food resources. But because of backward food industry, most of the food processing enterprises are not in a position to carry out comprehensive processing and they have consequently caused serious losses. Take the situation of sweet potatoes and potatoes for example. Foreign countries have used these crops as raw materials to produce more than 2,000 varieties of food and high quality chemical industrial products. But we basically have not made a wide use of these crops. The acreage for growing sweet potatoes in China covers about 100 million mu, the widest acreage of this kind in the world. The acreage for potatoes is about 60 million mu, ranking second in the world. Annual yield of these crops in China is about 145 million tons. Although these resources can be widely utilized, a certain amount of them has been turned into unprocessed food as well as fodder, with very low economic results. If we introduce multilevel processing and comprehensive utilization, the economic results can be raised considerably. Dried potatoes can be processed into starch or modified starch to expand the utilization of this crop and in this way, the output value of this crop can be increased by 100 percent and more. If more meticulous processing is introduced, we can produce syrup and glucose while further processing will result in a series of foods. In this way, the output value can be multiplied. The processing of edible oil crops in China is mainly carried out through the pressing method; but if 70 percent of this process is replaced by the immersion method, we will be able to produce an addition of more than 600 million jin of edible oil. If protein is extracted from beans after the extraction of oil, the output value of the processing of 1 jin of beans will be increased by more than 200 percent. Our paddy in general is only processed into rice and that is all. In fact, rice can be processed into more than 100 varieties of food. The by-products of the abovementioned raw materials can be fully utilized and processed into fodder to promote the development of the fodder industry and the feed industry. With regard to meat processing, the markets in China are mainly only selling semifinished products. And in producing prepared meat through traditional methods, 1 jin of uncooked meat can only produce 6 liang of cooked meat. If vegetable proteins such as from beans and peanuts are added to sausages, we will not only be able to increase output value but also to make full use of the resources of vegetable proteins to rationalize food nutrition. The level of the comprehensive utilization of sugar cane in China is also very low. If the comprehensive utilization of sugar cane across the country is able to reach the level of Jiangmen Sugar Cane Chemical Factory in Guangdong Province, the output value across the country can be doubled. In short, our food industry is in the ascendant; there are opportunities to develop this industry and it cannot but be developed in a big way.

In addition, extensive development of the food industry is also helpful in recovering currency, promoting the balance between commodity supply volume

and purchasing power, expanding exports, accumulating capital and foreign exchange for the state, and expanding employment.

It can be seen from the above aspects that it is utterly important and urgent to develop the food industry in a big way. But certain comrades are not quite aware of these new situations in the food industry. Some comrades have considered it enough just to have rice and vegetables, coupled with fish and meat to improve meals. This view in fact regards food consumption as merely representing chief daily necessities and it also represents the thinking of the self-sufficient small agricultural economy. [HK140931] These comrades do not understand that in developing the food industry it is necessary to make full use of agricultural resources and various wild resources, open up the food sector, readjust and regulate nutrition, expand the sources of nutrition, and change the eating habits of the people in China. This situation is not in line with the development of the situation. Some other comrades have neglected the national condition of China and consequently in developing the food industry, they have denied the production by traditional mills and the roles of traditional shop-mills and neglected the development of the food industry in rural areas. We must understand that China has traditional experience in managing production by traditional mills. The traditional famous-brand special food that requires explicit technology is mostly produced by such traditional mills and shop-mills. To develop the production of traditional mills and shop-mills requires less investment and yet has quicker results. Therefore they represent the foundation for the development of the modern food industry. Ours is a vast country and the enormous resources are distributed in wide rural areas. In addition, our transportation is yet to be developed and we have energy shortages. Therefore under this condition, it is irrational to process major agricultural and sideline products concentratedly in cities; nor is it in our capacity to do so. The wide rural areas in China have rich resources of labor power, coupled with a number of skillful craftsmen. Therefore, to develop the food industry in rural areas and township means to process in the places where the raw materials are produced. This move is helpful in meeting the needs of local peasants and providing more semifinished products for food processing factories in urban areas. And with this practice, we will also be in a position to lead the development of a great number of the households that are specialized in planting and breeding, promote various service trades and the construction of small towns and the development of the production of commodities as a whole. Therefore this method in fact represents a method that is in the interest of the country and the people.

## II. Uphold Reform and Strengthen the Management of the Food Industry

The CPC Central Committee has pointed out that in carrying out economic work this year, it is imperative to spare no effort to reform the economic system and do a good job of opening the country to the outside world. In his "Government Work Report" to the Second Plenary Session of the Sixth NPC, Premier Zhao Ziyang pointed out that the reform in urban areas must be stepped up. Therefore we must follow the orientation and principle pointed out by Premier Zhao Ziyang for urban reform and work out and gradually implement the related plans. The major reforms that have been carried out and are

ready to be implemented this year include: The 10 regulations by the State Council on the expansion of the decision-making powers of state industrial enterprises; the introduction of "no ceiling and no floor" principle for bonuses and the tax on above-quota bonuses; the second step of the reform with the introduction of the substitution of taxes for profit delivery will be carried in the fourth quarter of this year; overall reform of building trades; the reform of the management of the machine building industry; the reform of the circulation system between urban and rural areas and the system of foreign trade; the reform of planning and financial systems that is under study now and the questions of further reform of the industrial leadership system and state leading organs. In short, a new situation of reform has emerged across the country and the reform itself has become a trend. The masses demand the carrying out of reform, the cadres hope to carry out reform, and the leadership is supporting reform. Various fronts, departments and aspects are now probing into the ways of carrying out reform and some reform plans have been implemented with very good results. Of course, there are also obstacles to carrying out reform but those who have really opposed the reform are few. The obstacles mainly come from the bondage of one's own force of habit and therefore these obstacles can no doubt be overcome when meticulous ideological work has been carried out. [HK140933] We must be clear-headed in carrying out the reform, make the best use of the situation and carry out the reform step-by-step and stably; reform work cannot be carried out in a rush, nor can we resort to the method of demanding uniformity. It is imperative to combine the initiative of the masses with scientific attitude and microeconomic opening and activating with macroeconomic control. The new questions that have emerged in practice and that we are not sure of must not be disseminated and popularized; instead, they must be subject to experiment and must also be continuously investigated. The party's principles and policies that are apparently contradictory to the situations must be corrected in time. The establishment of business enterprises by party and administrative cadres in coordination with the masses is against the principle of separating administration from enterprises and separating state commerce from state industry. This practice can also easily give rise to the problem of seeking profit through powers, nor is it in the interest of activating the economy. Therefore this move must be corrected.

Food industry must follow the new situations of the reform across the country. Premier Zhao Ziyang pointed out that it is imperative to strengthen the management of the food industry. And to strengthen the management means to reform the existing management system in a big way. For quite a long period, the food industry in China has been under the departmental management system and this means that the food industry is under the management of departments and regions. This management system has cut off the internal relations of the industry. It means that all the related departments and regions are independent from each other in such aspects of the food industry as the utilization and exploitation of resources, production planning and distribution, the use of capital, the exploitation and imports of technology, training and exchange of staff, and the supply and improvement of products. As a result, they have conditioned and blockaded each other. Practice has proved that this management system has seriously affected the improvement of social economic results



and under this condition, it is difficult for the food industry to make rapid development. This situation must be changed.

To introduce trades management represents the needs of the development of social production and the progress of science and technology. It also means a major breakthrough in the reform of the existing management system with multi-levels. Before we are able to introduce trades management, it is necessary to break away from the barriers of departmental and regional ownership and plan in a unified manner and coordinate the food industry across the country. This management also demands us to do a good job in such aspects as information and advisory services through the establishment of information and advisory organs that will serve the development of the food industry. We must also organize and promote the combination in various forms of food processing enterprises, such as the combination between urban and rural areas, the combination between state and collective enterprises, and the combination between state and individual enterprises, and the enterprises with foreign capital. We must as well do a good job on the exploitation of specialized technology, new food resources, and new technology and products. The following principles must be followed in developing the food industry. That is, it is imperative to display the initiative of various levels from central government down to provinces, cities, counties, villages and towns in developing the food industry; and whole people enterprises, collective enterprises and individuals must spare no effort to develop the food industry. The state enterprises must be mainly responsible for the production of high quality; the collective enterprises and particularly people's commune and production team enterprises, and township enterprises must be responsible for the production of food in general; it is imperative to produce varieties of staple and nonstaple food so as to meet the needs of various consumers; and effort must be made so that various units will be able to display their own advantages in producing food.

[HK140935] The Association of the Food Industry is an organization that is promoting the development of the food industry. It is more efficient than administrative management departments and it is in a position to coordinate the food industry of various departments and localities. Unlike a general company that is busily engaged in business operation, the association can concentrate its efforts in carrying out business management. Such an association does not conflict with enterprises' interests and this situation is in the interest of expanding the decision-making powers of enterprises and mobilizing their initiative to accord with the principle of separating administration from enterprises and activating the economy. Therefore, the Association of the Food Industry is a good form for strengthening the management of the food industry. The State Council has decided that the food industry across the country is managed by the Association of the Food Industry of China. It has also agreed with the State Economic Commission to set up the office of the food industry and the General Company for the Exploitation of the Technology of the Food Industry to form three complete organizations with the Association of the Food Industry. The task of these three organizations is to strengthen management, work out overall planning, coordinate, do a good job of service, provide information, exploit new technologies and make proposals with regard to the principles, policies and rules

and regulations for developing the food industry. But they must pay attention to displaying the initiative of various departments, regions and trades and they should not monopolize. Certain provinces and cities have accumulated certain experiences in strengthening management over the food industry. For example, the city of Yangzhou in Jiangsu Province has broken away from the situation in which the food industry is under polilithic leadership. It has set up a leading group that will be responsible for leading the food industry, coupled with the food industry association and Weiyang Food Development Company of China. The city has also resorted to administrative means, coordinating means and economic means and consequently it has achieved considerable results in promoting the rapid growth of the food industry. Certain trans-regional, transdepartmental and transprovincial united enterprises have emerged and consequently the food industry has been very brisk. Various places must proceed from their specific conditions and constantly sum up experience so as to create new experiences in strengthening management.

### III. Further Relax the Policy for the Food Industry

In order to accelerate the development of the food industry, it is imperative to further relax the related policy. It is necessary to follow the "Temporary Provisions on Further Expanding the Decision-making Powers of State Enterprises" and hand powers over to enterprises so as to expand the decision-making powers of enterprises in production and management and fully mobilize their initiative. As the foundation of the food industry is relatively weak and its development is rather slow, it is necessary to implement a supporting policy.

First, investment for capital construction and technological reform of the food industry must be gradually increased every year during the Sixth 5-Year Plan. And with regard to the arrangement of capital, it is necessary to allocate capital to the related departments according to plan. But in addition, it is also necessary to allocate a certain amount of funds to the food industry association so that this association can use the funds to support the best enterprises in carrying out technological reform, exploiting new products, and even setting up experimental factories.

Second, it is imperative to widely implement the policy for raising capital. Various regions and departments must support the food industry to open up capital resources from many sources and absorb scattered capital from society while state enterprises, collective enterprises and individuals (excluding the staff of party and administrative organs) must be allowed to invest. It is also encouraged to resort to various forms such as joint ventures, cooperation in production, and compensation trade so as to make use of foreign capital in developing the food industry.

[HK140937] Third, the depreciation rate of the fixed assets of the state food industrial enterprises must be properly raised. Medium- and short-term bank loans for these enterprises must be expanded and these enterprises must also be allowed to pay loans before paying income tax and to prolong the time for the payment of the loans. The Industrial and Commercial Banks and Agricultural Banks at various levels must allocate a certain amount of the loans with preferential interest rates for medium and small enterprises as a

move of supporting them in carrying out technological reform. The State Council has announced recently that a preferential policy will be introduced for the commercial food industry, and this policy will also be applicable to the same type of the food processing enterprises that are managed otherwise.

Fourth, in order to support the technological reform of the food industry, it is necessary to introduce leasing business for domestic-made and imported equipment. The leading expenses of the equipment that is leased out by the Food Machinery Leasing Company under the General Company for the Exploitation of the Technology of the Food Industry of China can be included in costs. The enterprises that will be paying a considerable amount on leasing expenses for complete sets of equipment may apply for loans. These loans can be paid by the additional profit after the new items go into operation before paying for income tax. Such enterprises are also in a position to retain welfare funds and bonus funds for their workers and staff members and prolong the period for the payment of the loans.

Fifth, with the exception of a few products, most of the food industry products must be regulated through the market mechanism. Like small industrial products, the small food with rich varieties must gradually introduce an open price policy and this means that such products can be regulated through the market mechanism. The State Price Bureau and the Association of the Food Industry must study this question so that they will be able to work out and put forth the related measures and methods.

Sixth, it is necessary to encourage the production of traditional and famous specialty foods. The traditional and famous specialty foods that have been restored recently can follow the example of small food and pay 50 percent income tax. The related enterprises that are producing traditional and famous specialty foods for international markets must be allowed to retain more foreign exchange so that they will be able to speed up their technological reform.

Seventh, the enterprises or workshops that are specialized in producing baby food and those that are directly supplying fast foods to university, primary and secondary school students that are not available in the market, are in a position to introduce in-house prices with lower profits. As these units put emphasis on social results, they can be exempted from product tax and income tax.

Eighth, in order to promote the combination of food processing enterprises, all profit made by the united factories that are set up in other places by urban factories can be retained by the factories after paying income tax.

Ninth, efforts must be made to promote the production of raw materials for the food industry and constantly improve varieties so as to improve quality. Agricultural departments must take effective measures and do a good job of the construction of the production bases of the raw materials. The policy of higher prices for good quality agricultural raw materials that are needed by the food industry must be introduced.

Tenth, the food industry must be encouraged to use the raw materials with additional prices and comprehensively exploit and utilize resources. The enterprises that have suffered losses or made few profits because they have utilized the raw materials with additional prices may apply for the exemption of product tax. The enterprises that have made profits from the products as a result of overcoming pollution and introducing comprehensive utilization are in a position not to deliver the profits to higher departments, instead, these profits can be retained for overcoming pollution and carrying out comprehensive utilization.

[HK140939] The food industry in rural areas and townships represents an important part of the food industry in China. Therefore it is necessary to encourage peasants to develop the food processing industry in their places of origin. The people's governments at various places must work out the related policy, and actively support peasants in this aspect.

#### IV. Speed Up the Technological Reform of the Food Industry and Promote Technological Progress

In developing the food industry, it is necessary to build new enterprises, but what is more important is to rely on technological reform as a move to fully tap the potential of existing enterprises. These enterprises represent an important foundation for developing the food industry in a big way, and an important way to develop the food industry is to carry out technological reform and rebuild or expand the existing enterprises. This practice requires less investment and a shorter cycle but with quicker results than building new enterprises.

In order to develop the food industry, it is imperative to rely on technological progress. The development of the food industry must be mainly aimed at improving quality, adding varieties, and improving economic results. That is, with products as the main and technological processes as the foundation, measures must be taken to combine technological breakthrough and technological reform with imports of technology. It is also imperative to combine developing production with decreasing consumption and improving production environment and the study and manufacture by specialized technicians with technological innovations by the masses so that all these aspects will be able to make technological progress. Efforts must be made to use new technology, improve the design and equipment of the food industry, and gradually modernize production.

It is also necessary to combine modern technology with measures to inherit and develop the exquisite technology for producing traditional food. Traditional food in China has a longstanding history and it is most famous in the world for its color, flavor and taste. Therefore, continuous efforts must be made to save, restore and improve the quality of traditional and famous specialty food so that we will be able to maintain the advantages of such food and famous brand products and increase their prestige.

The food industry is closely related to the health of the masses of people. Therefore, we must follow the requirements of the "Food Hygiene Law" and work hard to create conditions to improve the food production environment, do a good job of improving food hygiene, and improve the health of the people.



The food industry is related to the industrial departments of various branches of learning. Therefore these departments must be organized to step up scientific research so that science and technology will be turned into productive forces as early as possible. Efforts must be made to strengthen technological exploitation centers and encourage experts and scholars to set up companies of technological exploitation, advisory services and engineering designs. It is also necessary to build and perfect information centers, develop the information network, grasp and analyze in time the market trends and economic information at home and abroad, and predict trends of change as a move to serve food processing enterprises. A good job must be done in making technological breakthroughs for the production of new products, using new technology, trial producing new products and popularizing new technology.

We must accelerate technological progress, organize the importation of technology in a planned way, and use the results of new technologies from the outside world. We must pay particular attention to importing "software" technology, key equipment, the scientific research knowhow, and testing and advanced management methods. Efforts must be made to digest and absorb the imported technology and equipment and make creations on this basis. Various methods can be used in this aspect such as joint ventures, cooperation in production, inviting experts and sending staff for study.

[HK140941] A good job must be made in exploiting mental power and training talent. All regions and departments must spare no effort to build in a planned way the ranks of the workers and staff members who are in a position to meet the needs of the development of the food industry and who have mastered modern food processing technology and other technologies so as to change the existing ranks that are low in quality. Therefore it is necessary to run well food industrial colleges and schools and polytechnics and training centers. And when conditions permit, the colleges and schools must set up food specialty, nutrition specialty, or various food specialties, run well advanced courses for cadres and technicians, and step up the training of various specialized staff.

The food industry is a comprehensive industry that involves many departments and economic forms. Therefore it is necessary for the people's governments at various levels to step up leadership and each government must assign a comrade to be responsible for the management of the food industry. Food production in China has a long-standing history, coupled with very rich food resources, enormous markets, and broad prospects for development. Therefore as long as we are able to emancipate thinking, be determined in carrying out reform, dare to create and are able to carry out our work in a down-to-earth way, I am confident that we will be able to promote the food industry of our country.

CSO: 4006/782

## INDUSTRY

### BRIEFS

**SHANDONG CEMENT PLANT**--Jinan [as received], September 23 (XINHUA)--Construction has begun on a large cement plant with an annual capacity of 1.4 million tons in southern Shandong Province. This follows three imported plants in Hebei, Anhui and Jiangsu, each producing more than one million tons of cement a year. The Lunan plant will mainly use Chinese equipment. Some of its products will be exported. Southern Shandong is rich in deposits of limestone, clay and other raw materials for making cement. Coal and electricity supply is ensured. The plant is near the trunk Beijing-Shanghai railway, the Yanzhou-Shijiusuo railway in Shandong and the Beijing-Hangzhou Grand Canal. China produced 108.25 million tons of cement last year, ranking second in the world after the Soviet Union. [Text] [OW231226 Beijing XINHUA in English 1149 GMT 23 Sep 84]

**INDUSTRIAL PRODUCTION UP**--Beijing September 8 (XINHUA)--China's industrial output value in the first 8 months was 445.1 billion yuan, 12.2 percent more than the same period of 1983, according to the State Statistics Bureau. Heavy industry was up 12.6 percent and light industry, 11.8 percent. Production of energy, raw materials, light industrial goods, textiles, trucks and farm machines continued to rise in the first 8 months. During this period, China produced 497,268 million tons of raw coal, 74.981 million tons of crude oil and 245.73 billion kWh of electricity. The output of pig iron was 26.657 million tons, steel, 28.627 million tons, and rolled steel, 22.237 million tons. Increases ranged from 7.7 percent to 10.6 percent. The output of cement in the first 8 months reached 77.213 million tons, and plate glass, 30 million standard cases--increases of 13.1 percent and 12.9 percent, respectively. Output of motor vehicles was 195,400, up 23.9 percent, and hand tractors, 442,500, up 36.4 percent. The 8 months also saw sharp increases in the output of household electrical appliances and consumer durables. The output of cameras, radio-recorders, washing machines and television sets increased from 27.1 percent to 47.4 percent over the same period of last year. The output of color TVs increased by 2.5 times and that of refrigerators 2.4 times. The output of woolen yarn, silk textiles and woolen fabrics increased from 10.6 percent to 25.6 percent over the same period of last year. [Text] [OW081350 Beijing XINHUA in English 1155 GMT 8 Sep 84]

**ECONOMIC SERVICE CENTER**--Beijing, September 10 (XINHUA)--An economic service center was established by the All-China Federation of Industry and Commerce here today. The center will help domestic enterprises import technology, equipment and investment, provide them with economic information and cooperate with enterprises in Hong Kong, Macao and foreign countries in offering advice.



At present, it mainly provides services for the electrical, electronics, petrochemical, food-processing and building industries. Hu Ziang, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the All-China Federation of Industry and Commerce, acts as the chairman of the board of directors, and Zhang Hualian is the manager. [Text] [OW101442 Beijing XINHUA in English 1433 GMT 10 Sep 84]

INDUSTRIAL PRODUCTION STATISTICS--Beijing, September 10 (XINHUA)--Nine industrial production targets for the whole of 1984 have been met 4 months early, the State Statistical Bureau reported here today. And overall industrial output value in the first 8 months of this year was 12.2 percent up compared with the same period of 1983. In the 8-month period--450 computers and 15,000 microcomputers were produced--110 percent and 150 percent up respectively on the same period of 1983. Production of portable calculators soared by 91 percent to 3,820,000. More than 40,000 walking tractors were also turned out, but still could not meet the demand. Other products meeting annual targets ahead of time were internal combustion engines, machine tools, industrial boilers, sacking and asbestos. [Text] [OW101441 Beijing XINHUA in English 1319 GMT 10 Sep 84]

GUIZHOU ELECTRONICS CORPORATION--Guiyang, 18 Sep (XINHUA)--This reporter has learned from the inaugural ceremony of China Zhenghua Electronics Industry Corporation, which was held in Guizhou's Duyun City on 17 September, that our country has initially set up electronics industry production and technology bases in Guizhou, Sichuan and Shaanxi. To carry out structural reform and tap the potential of these bases has become the new policy decision for developing the electronics industry. It has been learned that enterprises in these bases have stronger technical forces and greater production capacity, thus enabling these bases to develop microelectronics and computer technologies to various degrees and play an important role in the country's electronics industry. Structural reform in the electronics industry will facilitate the gradual separation of government functions from enterprise management in these bases. The establishment of China Zhenghua Electronics Industry Corporation is a part of this reform. Composed of the Electronics Industry Ministry's 28 enterprises and establishments in Guizhou, the corporation combines the functions of production, scientific research, educational, business and service units; exercises unified leadership over personnel, finance property, production, supply and marketing of its subordinate enterprises and establishments; and centralizes the planning and management accordingly. [By Fang Xianshou] [Text] [OW211139 Beijing XINHUA Domestic Service in Chinese 1542 GMT 18 Sep 84]

CSO: 4013/01

## CONSTRUCTION

### GUANGDONG SPEEDS CONSTRUCTION OF PORTS OF ENTRY

OW201305 Beijing XINHUA in English 1155 GMT 20 Sep 84

[Text] Guangzhou, September 20 (XINHUA)--Guangdong Province has opened 11 ports of entry since 1979, bringing the total to 22, provincial authorities have revealed. The figure is about one-third of China's total. The province now has 18 passenger transport routes to Hong Kong, compared with only one before 1979.

Guangdong's ports of entry handled 10.7 million passengers in the first half of 1984--a 27-percent increase over the same period in 1983. Nine million tons of cargo were also handled during the six-month period--up by 30 percent. The ports handled 17.79 million passengers in 1983--more than five times the figure of 1978.

Offices in charge of ports of entry were established provincewide after 1979 as Guangdong adopted the national policy of opening to the outside world.

Over the past 5 years, 180 million yuan has been spent opening new ports and upgrading old ones. Inspection facilities have also been improved, and entry and exit formalities simplified.

A total of 40 passenger trains, ships and planes leave 19 ports of entry along Guangdong's coast and the Pearl River in Hong Kong. Another 10 trains and ships go to Macao. Altogether, the ports handle more than 25,000 passengers daily.

Over the past few years, electronics inspection equipment worth \$10 million has been imported to modernize seven customs houses in Guangdong. As a result, passengers now no longer queue up for inspection at the ports of Guangzhou, Kowloon and Gongbei.

Passengers now spend an average of only half an hour passing through Luohu in Shenzhen, as against 2 hours 5 years ago. This is due to expansion and facility modernization at Luohu, which handles more people than any other port in Guangdong. Luohu now handles 35,000 passengers each day compared with 7,000 5 years ago.

Guangdong's foreign economic relations and trade have grown rapidly in recent years following faster construction of ports of entry. The Pearl River delta,

an economically developed area in Guangdong, has opened nine new ports of entry, and upgraded and enlarged six old ones over the past 5 years.

Three cities and 24 counties in the delta signed 25,000 contracts with overseas firms between 1979 and 1983, involving foreign investment totaling \$4 billion. The province earned more than \$100 million from about 1.2 million overseas tourists in 1983--39 times the 1978 figure.

CSO: 4020/190

## CONSTRUCTION

### SHANGHAI HARBOR CARRIES OUT EXPANSION PROGRAM

OW201131 Beijing XINHUA in English 0710 GMT 20 Sep 84

[Text] Shanghai, September 20 (XINHUA)--China's vigorous economic and foreign trade development has kept planners of the Shanghai Harbor busy with their expansion and rebuilding programs. The harbor authorities have been working flat-out, but are still unable to keep abreast of the demand, said harbor officials.

The harbor has built 24 new berths and rebuilt 43 old ones over the last 35 years, bringing the total number of berths to 96, including 45 deep-water berths capable of accommodating vessels of over 10,000 tons. The cargo-handling capacity has increased at least 40 times. Seven more berths are being built or expanded, and work on 10 others is to start soon.

The total cargo-handling capacity is expected to reach 100 million tons by the end of 1985. But even this is short of the rapidly growing demand, said the planners, who are now working with a program for building a new harbor area. The cargo-handling capacity has reached the point of saturation, they said; the docking equipment can only allow the berthing of some 100 vessels, but more than 200 are calling at the port every day.

Shanghai Harbor is the largest in China, handling about one-third of the country's international cargo. All the coal, crude oil, grain, minerals and building materials needed by Shanghai, China's major industrial and commercial center, and over 95 percent of the city's imports and exports go through the harbor. In addition, it has to handle transit goods for more than 20 inland provinces and cities.

As China opens to the outside world, the flow of goods has kept increasing at an unprecedented rate. The harbor had to build new berths. Huge amounts of investment have been pumped into the harbor expansion and rebuilding projects, even at the time of economic retrenchment. In the 5 years between 1978 and 1983, the total investment for the construction of the harbor was close to the total for the previous 3 decades. The state has allotted 369 million yuan for new harbor projects during the Sixth 5-Year Plan period between 1981 and 1985. The expansion and rebuilding projects are aimed at containerization, specialization and automation.

China's largest container wharf is entering the last stage of construction and is expected to go into service in October next year. All the equipment is imported with loans provided by the World Bank. When it is completed in 1985, its annual capacity will reach 200,000 standard containers.

Shanghai Harbor's container service started in 1978. Now it has five regular international lines to Australia, Japan, the United States, Europe and Hong Kong. The container handling capacity is expected to reach more than 100,000 by the end of this year.

Two coal terminals with four berths are being rebuilt to streamline the unloading of coal, and will boost the annual handling capacity from the original 4.6 million tons to 8.5 million tons.

The expansion and rebuilding of old harbor areas is expected to last to the end of 1990, according to the harbor administration. From then on, a new harbor area will be built for which preparations have already begun.

CSO: 4020/190

## CONSTRUCTION

### BRIEFS

SHANGHAI INTERNATIONAL TERMINAL EXPANSION--Shanghai, September 22 (XINHUA)--A newly expanded terminal for international airlines at Shanghai's Hongqiao Airport went on trial this morning. With a total floorspace of 15,600 square meters and twice the size of the original, the terminal was completed in 6 months with a baggage system, escalators, airconditioning, composite clocks and embarking bridges. It can handle over 900 passengers per hour, 3.6 times the old one. All the funding came from the Jinjiang Corporation, which runs the Jinjiang and Shanghai Mansion hotels. The designing was done by Ohdayashi-Gumi, Ltd. of Japan and equipment supplied by the Ryoden Machinery Co., Ltd. of Hong Kong. [Text] [OW220840 Beijing XINHUA in English 0654 GMT 22 Sep 84]

NATIONAL CONSTRUCTION SYMPOSIUM--The national symposium on the coordinated development of the state key projects and the Nei Monggol economy opened on 17 September in Hohhot, Nei Monggol Region. This symposium was sponsored by the China Capital Construction and Economic Research Society, the China Urban and Rural Construction and Economic Research Institute, and the Policy Research Center of the Nei Monggol Regional CPC Committee. At the opening ceremony, (Xue Baodi), advisor to the Technology and Economy Research Center under the State Council, said that this symposium will discuss the coordinated development and relationship between the state key construction projects and the regional economy, and called on specialists and scholars participating in this symposium to offer their valuable advices and theoretical opinions to promote the economy in the region. Qian Fenyong, deputy secretary of the regional CPC committee, delivered a welcoming speech. Tian Congming, standing committee member of the regional CPC committee, and Zhao Zhihong, vice chairman of the region, also attended the opening ceremony. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 19 Sep 84 SK]

CSO: 4006/4



## DOMESTIC TRADE

### BRIEFS

COMMERCE-SERVICE BUSINESS DEVELOPMENT--Over the past 35 years since the PRC's founding, Jilin Province has achieved rapid development in building commercial and service stores and networks. As of now, the province has more than 93,600 state-collective-individual-owned business firms and service networks, a 17.9 time increase over the 1978 figure. More than 430,000 people throughout the province have engaged in commerce-service business, a 2.8-fold increase over the 1978 figure. The number of retail centers and networks under the state-run business firms have reached more than 4,400, a 51 percent increase over the 1978 figure. The number of collective-owned retail centers has increased by 10 fold, and individually-owned retail centers, by 100 fold. [Excerpts] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 8 Sep 84 SK]

CSO: 4006/4

## FOREIGN TRADE AND INVESTMENT

### BANYUETAN REVIEWS PROGRESS IN FOREIGN TRADE

HK200919 Beijing BANYUETAN in Chinese No 14, 25 Jul 84, pp 7-11

[Article by Editorial Department: "Substantial Progress in the PRC's Foreign Economic Relations and Trade--Sixth Talk on the Current Situation in Celebration of the 35th Anniversary of the Founding of the PRC"]

[Text] The strategic decision to open up to the outside world made by the 3d Plenary Session of the 11th CPC Central Committee has given substantial content to our foreign economic and trade work. The PRC is playing an active role in international economic exchanges and in world trade.

Before this, in a long period, because of the external pressure of embargo and the action of scrapping contracts and treaties and due to the influence of "leftist" ideology, our country's foreign economic activities were limited to import and export trade and foreign economic assistance.

In recent years, under the guidance of the principle of opening up to the outside world and strengthening economic and technical exchanges, we have gone all out to develop foreign trade, made active use of foreign funds, introduced suitable advanced technology, undertaken contracts for foreign projects, exported services, continued to offer economic and technical assistance to Third World countries, and conducted multilateral economic and technical cooperation with international cooperation. All this has helped build up our self-reliance ability by learning from other countries' strong points to offset our weaknesses, and a new situation has thus appeared in our foreign economic and trade work.

At present, our country has established economic and trade relations with 174 countries and regions, has signed official trade agreements and protocols with 89 countries and the European Community, and has set up a large number of Chinese-foreign joint ventures at home and abroad. All this has played an important role in the readjustment and development of our national economy.

#### Import and Export Trade Increases Rapidly

Our country's total volume of import and export trade in 1983 reached \$40.7 billion, or 36 times the volume in 1950 and nearly double the volume in 1978.

The basis for foreign trade is export. The export volume of 1983 was 40 times as great as that of 1950, or 2.3 times the volume of 1978. In the last 5 years, our country's export volume increased year after year, and the average yearly growth rate is higher than the worldwide growth rate in the same period. Among all exporting countries in the world, our country has risen from 32d place in 1978 to the 18th place in 1983. In the early years of the PRC, farm produce and sideline products accounted for 90 percent of our export goods, while industrial and mineral products accounted for less than 10 percent. At present, the mix of our export goods has changed greatly, with heavy industrial products accounting for 43 percent, light industrial products and textile goods accounting for 41 percent, and farm produce and sideline products accounting for only 16 percent. This shows that our country is turning from an agricultural country to an industrial-agricultural country. In order to make up the deficiencies in funds and technology and to make full use of our favorable condition of abundant labor resources, we have expanded business in the form of processing imported materials and assembling imported parts for foreign customers, set up more joint ventures, carried out production cooperation, and increased compensation trade to boost our export trade in recent years. In particular, the volume of exports from processing imported materials accounted for about one-third of the 1983 total export volume.

The substantial increase in export trade reflects the rapid development of industrial and agricultural production. According to statistics, the total value of export goods purchased by the state from all parts of the country between 1950 and 1983 reached 480 billion yuan, and the state earned a total of \$182 billion in foreign exchange. The export of each 100 million yuan of industrial goods can provide jobs for more than 12,000 people a year and can bring 35 million yuan of taxes to the state. At present, in the export-oriented handicraft industry, the items of drawnwork and straw and bamboo knitting alone employ more than 8 million people.

Import trade is also playing an active role in speeding up the modernization process, promoting technical progress, enlivening and replenishing domestic markets, and improving the people's living standards. Our country's import volume in 1983 was nearly 32 times the size in 1950. In the 1950's, we mainly imported some equipment and technology to build 156 key projects. Since the 1960's, we began to import set equipment for large factories. Since 1978, we have gradually changed the previous practice of laying lopsided stress on importing large-scale set equipment and technology and have diversified the import of technology. A considerable part of imported materials are livelihood materials. In order to improve the people's livelihood and enable the peasants to readjust and diversify their production, we have imported more grain, cotton, oil and other farm produce in a planned way in recent years. With the successive good harvests in agriculture, the degree of farm produce self-sufficiency has risen, and imports in this field have decreased. In 1983, the net import of grain, cotton and oil declined by 19.6 percent, 51.1 percent, and 38.4 percent respectively, as compared with the preceding year.

Since 1980, due to our efforts to expand exports and control imports, our foreign trade has shown a surplus for three consecutive years. The trade surplus between 1981 and 1983 totalled \$9.4 billion, and this has markedly improved the state of our foreign exchange balance. This is a remarkable and unusual achievement in the circumstances of a serious economic crisis in the capitalist

world, a worsening state of international payments between other countries, and a severe debt issue in the Third World.

#### The Utilization of Foreign Funds Has Brought About Results

The utilization of foreign funds is a new field of work developed since the adoption of the policy of opening up to the outside world. Before this, except for acquiring loans from the Soviet Union, we did not make use of any foreign funds. At present, we are actively and effectively utilizing foreign funds on the principle of equality and mutual benefit, concretely speaking, we should "contract loans on mutual benefit terms according to our repayment capacity and made good use of this money." Introducing foreign capital can make up our deficiency in construction funds and can enable us to acquire advanced technology. By the end of 1983, our central government local authorities, various departments, and enterprises had used a total of \$14.6 billion in foreign funds acquired by means of concluding loans with foreign governments and banks, attracting foreign investments, running joint ventures, and carrying out cooperative projects. To raise these foreign funds, we have launched 190 Chinese-foreign joint ventures, started 1,123 cooperation projects and 31 cooperation projects for exploring energy resources, and engaged in 1,060 items of compensation trade. Now, we have mainly used the acquired foreign funds to develop the petroleum, coal, raw materials industries, transport facilities, agriculture, education and scientific research, which are all the priorities of the state.

The utilization of foreign funds acquired through various channels has begun to bring about positive results:

1. A number of large-scale and important construction projects have been started. In recent years, we have made use of some medium- or long-term low-interest loans offered by foreign governments and international financial organizations to ensure the smooth development of some large-scale construction projects which require large investments and long construction periods. For example, Japan's Overseas Cooperation Foundation has provided loans for us to build the two railways between Beijing and Qinhuangdao and between Yanzhou and Shijiazhuang and to build four berths in Qinhuangdao port and Shijiazhuang port. After the completion of these projects, Shanxi and Shandong provinces will be able to transport an additional 35 million tons of coal to other areas. This will greatly increase the general transport capacity for transferring coal from the north to the south and for coal exports. At present, our country is still unable to carry out offshore oil development projects independently. However, by the end of 1983, we had completed the general survey of offshore oil reserves over 420,000 square kilometers by making use of foreign funds. In addition, we have concluded 23 contracts for joint exploration and development of offshore oil with foreign companies through inviting public bidding.

2. Advanced technology has been introduced to China. Because of the introduction of advanced equipment and technology, some industrial enterprises, which have involved foreign capital, have begun to produce quality goods that can measure up to the standards of the 1980's. Our government has appropriated part of loans offered by foreign governments and international monetary organizations to develop intellectual resources, and the equipment of the 26 institutions of higher learning subordinate to the Ministry of Education has reached the advanced level of the world.

3. The construction of the special economic zones has quickened, and our personnel have mastered some advanced management skills and have gained some foreign economic work experience. According to rough statistics, over the past 5 years, the Shenzhen Special Economic Zone has signed more than 2,000 agreements with foreign companies and businessmen in the fields of joint ventures, cooperative operations, exclusive foreign investments, compensation trade, and processing or assembling imported materials and parts. In these agreements, foreign and Hong Kong companies have agreed to invest a total of \$1.8 billion, and they have actually invested \$400 million. The Zhuhai, Shantou and Xiamen Special Economic Zones have also absorbed large amounts of foreign capital and Overseas Chinese capital. A number of new-type entrepreneurs who are good at doing business and good at business management have emerged in the special economic zones and some joint ventures.

#### The Business of Undertaking Foreign Construction Contracts Is In the Ascendant

Undertaking foreign construction contracts and providing labor services represent a new field in foreign economic activities developed since the adoption of the open-door policy. Under the guidance of the principles of "abiding by the contracts, ensuring quality, aiming at small profits, and stressing faithfulness," gratifying progress has been made in this field. In the last 5 years, our country has set up 43 international economic and technical cooperation companies, and has undertaken construction contracts and provided labor services for 57 countries and regions. The value of these contracts totals more than \$2.2 billion. Now, our country has sent more than 30,000 workers to work abroad. Through several years' practice, we have accumulated some experience and have learned how to independently bid for a project and act as a subcontractor. Now, we have undertaken the contracts for the construction of some large-scale projects, such as a 210,000-kilowatt power station, the Algeria-Iran railway, and a dam in Iraq. Through undertaking foreign construction contracts and providing labor services, we not only can provide technical and labor services for Third World countries so as to help them develop their national economies, but can also increase our foreign exchange earnings and promote our export of equipment and materials.

Our country has also set up a number of Chinese-foreign joint ventures in 16 countries and in the Hong Kong and Macao region. These joint ventures are engaged in processing production, construction projects, shipping, technical and service cooperation, consulting services, restaurants, banking and insurance, material supply for oceangoing ships, and cooperation in coal mine exploration.

#### International Cooperation is Developing

Since the founding of the PRC, our country has carried out more than 1,000 assistance projects in more than 80 countries in Asia, Africa, Latin America and Europe. This necessary foreign economic and technical assistance constitutes part of our internationalist duties, and our assistance has played a positive role in helping the beneficiary countries develop their national economies, consolidate their national independence, and improve their peoples' living standards. So our efforts in this field have won favorable comment. Since the 3d Plenary Session of the 11th CPC Central Committee, we have summed



up our experience in foreign assistance work, and have decided that foreign economic and technical assistance should be carried out according to our ability and to the level of the development of our national economy. Over the past 5 years, we have continued to provide assistance for Third World countries within our capabilities, including completing the building of more than 170 set projects for more than 50 countries and sending medical service teams to more than 40 countries.

In recent years, our cooperation with UN organizations has also developed. We have corrected the erroneous idea that China, as a socialist country, should only provide assistance for other countries and should not receive foreign assistance. In international economic and technical cooperation, our "give-and-take" policy has brought about positive results. By the end of 1983, we had contributed a total of 24.56 million yuan and \$10.38 million to various UN organizations. On the other hand, we had received a total of \$290 million in foreign assistance from UN organizations and had used these foreign funds to help 247 technical cooperation projects in various fields of the national economy. For example, the UN population foundation has financed the introduction of 21 advanced computers in China's 20 provinces and municipalities in order to help China to carry out its third national census. This advanced computer network has enabled China to computerize the processing of census data for the first time. In the projects aided by UN organizations, we have invited more than 1,500 foreign experts to give lectures in our country, and have sent more than 2,000 people to foreign countries to make fact-finding visits and to receive training.

In May this year, the State Council decided to further open more coastal cities to foreign economic activities and to run the existing special economic zones better. The four special economic zones, the 14 harbor cities, and Hainan Island have formed a forefront zone of our open-door economic activities. The implementation of this important decision will certainly bring about a new situation in our foreign economic and trade work and will speed up the process of our socialist modernization.

CSO: 4006/4



## FOREIGN TRADE AND INVESTMENT

### JIANGXI'S FOREIGN TRADE DEVELOPS RAPIDLY

OW231440 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 20 Sep 84

[National Day feature by (Yang Baogeng), (Chen Tao), and (Xiong Bailing):  
"Vigorous Growth of Jiangxi's Foreign Economic and Trade Activities"]

[Excerpts] In the past 35 years since the founding of the nation, Jiangxi's trade and economic activities with foreign countries have flourished rapidly. In the early days right after liberation, there were only 16 varieties of export commodities in four major categories. Now, there are more than 330 varieties of export commodities in 13 major categories. In 1983, the province procured 630 million yuan worth of export commodities, 31.9 times the amount in 1950.

In the past, export commodities had to go through Shanghai, Guangzhou, and other ports for transshipment to foreign countries. Now, 75 percent of the export commodities are directly shipped out of the province for foreign countries. The province has also maintained trade relations with 119 foreign countries and regions.

In order to vigorously turn out readily marketable export commodities, Jiangxi now has set up more than 100 centers to produce farm and sideline products and built over 320 factories and workshops to manufacture goods for export use.

Since the beginning of this year, the economic and trade departments in the province have exerted strenuous efforts to attract foreign investments, imported advanced technology from abroad, and carried out business with foreign merchants on a cooperative basis. During 1982 and 1983, the province signed 61 contracts and agreements with businessmen of various foreign countries and in Hong Kong and Macao. A total of 94 complete sets of equipment were imported during these 2 years for use in the fields of machine building, light and textile industries, chemical engineering, and medicine and in the manufacture of building materials and garments.

In the first half of 1984, Jiangxi's first joint venture--the (Honghai) Electronics Company Limited--was established. In addition, applications for three other joint ventures--the Lushan Mansion, the (Lulin) Restaurant, and the (Zhaigang) Transportation Company--have been approved.

CSO: 4006/4

## FOREIGN TRADE AND INVESTMENT

### SHANXI OFFICIAL ON FOREIGN COOPERATION

OW211315 Beijing Domestic Service in Mandarin 1200 GMT 14 Sep 84

[Text] The Shanxi Provincial People's Government held a press reception for Chinese and foreign reporters in Taiyuan this morning. Vice Provincial Governor Bai Qingcai talked about Shanxi's opening to the outside world and economic and technological cooperation with foreign countries.

Bai Qingcai said: Shanxi's biggest advantage lies in its coal resources. Shanxi ranks first in the nation in coal resources with a proven reserve of over 200 billion dun. Shanxi not only supplies coal to 26 other provinces, municipalities and autonomous regions across the nation but also sells coal to over a dozen European and Asian countries and regions. The state has decided to gradually build Shanxi into a major coal and chemical industry base. Shanxi is also richly endowed with other mineral resources.

Bai Qingcai said: In recent years, Shanxi has made new progress in the use of foreign capital and in introducing foreign technology. From 1981 to 1983, Shanxi concluded 23 technological rental or transfer deals with Japan, the Federal Republic of Germany, Britain, the United States, Holland and other foreign countries and regions. Some of these transactions have already been put to use with good results. This year, Shanxi has again concluded 58 technological rental or transfer deals with 11 foreign countries and regions, and over 20 other technological deals are being negotiated at present. All this will play a positive role in developing Shanxi's natural resources and renovating its industrial technology.

Bai Qingcai also talked about Shanxi's foreign trade at the press reception. He said: Shanxi has established trade relations with nearly 100 foreign countries. It exports over 480 kinds of commodities to foreign countries and has participated in 76 construction projects and labor cooperation deals in 22 foreign countries. It processes materials supplied by foreign countries and has engaged in other such flexible business deals with foreign countries.

Bai Qingcai hopes to promote wide-ranging joint ventures and cooperation with businessmen from foreign countries on the basis of equality and mutual benefit. He said: We need advanced technology and equipment as well as advanced management, science, and a great number of technological talents.

CSO: 4006/4

## FOREIGN TRADE AND INVESTMENT

### GUANGDONG MAKES GOOD USE OF FOREIGN CAPITAL

HK180749 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 16 Sep 84

[Text] After the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee and the State Council approved the implementation of special policies and flexible measures in our province in economic activities with foreign countries. Over the past 5 years, our province has achieved marked results in utilizing foreign capital.

With all places throughout the province continuously carrying out various forms of economic and technical cooperation with foreign countries, by the end of June this year, the province had signed some 41,000 contracts of various kinds and had actually utilized foreign capital of \$1.5 billion, of which some \$700 million of technology, equipment and some experiences in scientific management had been imported. In respect of processing and assembling materials supplied by foreign firms, the whole province had signed some 39,000 contracts and had imported machines and equipment whose value was some \$320 million, thus promoting technological transformation in a large number of old enterprises and making the outlook for the textile, garment, light industry, electronics, plastic industry, printing, and packing trades undergo a gratifying change.

At present, approximately 70 cities and counties are doing processing and assembling work and have earned an income of some \$620 million from processing and assembling work. In addition, the province has conducted experiments in doing business in cooperation with foreign firms--a new mode of utilizing foreign capital. By the end of June this year, the whole province had signed some 1,100 contracts for doing business in cooperation with foreign firms and had actually utilized foreign capital of some \$750 million.

Through the channel of utilizing foreign capital, our province has built, or is building some relatively large energy, communications, and telecommunications facilities, for example: the expansion of the Shaoguan power plant, the building of the four large bridges on the Guangzhou road, and the building of the Guangzhou-Hong Kong and Guangzhou-Shantou-Haikou microwave telecommunications projects.

Excluding the special economic zones, the whole province now has some 140 projects each of which is utilizing foreign capital of \$1 million. Foreign firms have invested some \$10 million in each of 22 of the 140 projects. In

addition, the province has also paid attention to importing advanced technology and equipment which are suitable to the province.

In agriculture, the province has imported a number of livestock of fine breeds and breeding technology. In industry, the province has imported relatively advanced technology and equipment, some of which has filled gaps both throughout the country and in the province.

CSO: 4006/4

## FOREIGN TRADE AND INVESTMENT

### BRIEFS

**LIAONING TECHNICAL COOPERATION MEETING**—The Shenyang international economic and technical cooperation talks ended on 15 September. According to statistics released on 19 September, some 211 cooperative agreements were reached, involving nearly \$100 million in foreign capital. [Summary] [Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 19 Sep 84 SK]

**SHANDONG-FINLAND COOPERATION PROJECT**—A ceremony to sign an agreement on joint investments in the construction of the Qingdao (Hualin) Plywood Ltd Company project was held in Beijing on 3 September by the Qingdao City Furniture Industrial Company and the Qingdao Credit Consultative Company under the auspices of the Bank of China in Shandong Province and Finland's (Laote) Company and the Finland Industrial Development Cooperative Foundation. Total investments in the joint-ventured enterprise are \$18.88 million. The total annual output of plywood is estimated at 31,000 cubic meters. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 4 Sep 84 SK]

CSO: 4006/4

## SPECIAL ECONOMIC ZONES

### BRIEFS

REFORMS OF WAGE SYSTEM--Beginning 13 September, the Shenzhen special zone will carry out reforms of the wage system. The new program for reforms of the wage system will divide the wage structure into three component parts--basic wages, post allowance, and allowance for the length of service--and will abolish the original wage grades and the relevant bonuses and subsidies. The basic wages will be fixed so as to be able to maintain the basic livelihood of a laborer and his family members, and the same amount in wages will be fixed regardless of whether they are workers and cadres; the allowance for a post or a technical title will vary according to posts and technical titles; and the allowance for length of service will be fixed according to the year's standing, to attendance, and to the results of an examination. The longer the service, the more the allowance for length of service will be. After the reforms of the wage system are carried out, apart from maintaining the state's unified allowances for the types of work in production, all other bonuses and subsidies will be abolished. These reforms of the wage system will eliminate the defects of egalitarianism in the current wage system and will contribute to encouraging the laborers to vigorously make progress and to work hard. [Text] [HK171236 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 15 Sep 84]

CSO: 4006/4



## LABOR AND WAGES

### NATIONAL DAY SERIES ON URBAN JOBLESS PROBLEM

OW200254 Beijing XINHUA in English 0222 GMT 20 Sep 84

[Article: "China Solving Urban Jobless Problem--34th of the National Day Focus Series"]

[Text] Beijing, September 20 (XINHUA)--China has provided jobs to over 39.16 million people in cities and towns in the past 5 years, about one-third of the total urban employment for the previous three decades, according to the Ministry of Labor and Personnel.

Many medium-sized and small cities have achieved full employment, the ministry said. The 10-year "cultural revolution" from 1966 to 1976 created 6.36 million jobless as the figure at the end of 1979 showed. After the 3d Plenary Session of the 11th Central Committee at the end of 1978, the Chinese Communist Party corrected the erroneous "leftist" policies and encouraged the development of the collective and private sectors of the economy to create more job opportunities. By the end of 1983, the number of urban young people waiting for jobs was reduced to 2.71 million.

About four million people, not including college and technical school graduates, are entering the workforce every year. By the end of 1983, urban jobholders totaled 115.15 million. Among these, workers in state-owned enterprises numbered 87.71 million, and 27.44 million were employed in collectively-owned enterprises. In addition, there were 2.31 million self-employed people.

Collective and individual businesses have now become the main channels for providing jobs in cities. About 58 percent of urban workers are in collectively-owned enterprises or individual businesses.

In the past 5 years, financial departments spent a total of 2.4 billion yuan training young people and aiding collectively-owned enterprises.

By the end of last year, more than 23,000 labor service corporations had been set up all over the country. They have trained and provided jobs for 5.7 million people.

CSO: 4020/190

## TRANSPORTATION

### ACHIEVEMENTS IN RAIL, WATER, AIR TRANSPORT REVIEWED

OW201131 Beijing XINHUA in English 1031 GMT 20 Sep 84

[Text] Beijing, September 20 (XINHUA)--China plans to upgrade railways, highways and harbors in a big move to meet the growing production of agriculture and industry, a rising internal market and expanding international trade. Government investment in railway construction rose by 50 percent this year to 6.4 billion yuan and money for other communications projects including harbors has doubled to 2.3 billion yuan.

Railways, highways, waterways, pipelines and air routes now total 1.3 million kilometers, eight times the 1949 figure when new China was founded. Road construction has averaged 24,500 kilometers a year for the past 25 years, now coming to 915,000 kilometers.

New China's 52,000 kilometers of railways include 2,300 kilometers of electrified lines and 9,100 kilometers double-tracked. To be completed this year are another 681 kilometers of electrified railways, 331 kilometers of new lines and 364 kilometers of double-track lines.

Coastal ports have 460 berths, including 153 deep-water berths capable of accommodating ocean-going vessels above 10,000 tons in 15 main harbors. Dalian, Tianjin, Shanghai and Guangzhou are now adding 62 deep-water berths all above the 10,000-ton class.

Freight handled by all carriers in 1983 came to 2.54 billion tons, 15 times the figure for 1949, an annual increase of 8.7 percent. About 4.7 billion passengers were moved in 1983, 34 times the 1949 figure, up 11 percent annually.

In all, the government has given more than one-sixth of the capital construction investment--more than 100 billion yuan--in the past 35 years to communications.

China's ocean-going fleet of more than 550 vessels with a total tonnage exceeding 12 million now calls at 426 ports in more than 100 countries and regions.

Civil aviation has been expanded to more than 70 airports across the nation. Over 200 domestic and international air routes have been opened.

Inland waterways total 109,000 kilometers in length an increase of almost 50 percent since 1949. China has concluded marine agreements with 31 countries and civil aviation agreements with 46 countries. At present, ships from 85 countries and regions call at Chinese ports while airplanes from 16 countries fly to Chinese cities.

China has laid more than 10,000 kilometers of oil and gas pipelines since the expansion of petroleum industry in the 1960's.

Foreign loans from the World Bank and the Overseas Economic Cooperation Fund of Japan have been used for construction of five harbors and four railways. Negotiations are underway for other loans for building railways, highways and harbors.

The aviation industry is boosting production of medium- and short-range airplanes while negotiating with the U.S. Boeing Company and McDonnell Douglas Corporation for cooperative production of large jet airlines.

The automotive industry has been improved in the past few years by imports of more than 20 items of technology from Japan, Britain, the United States, Italy, Austria and the Federal Republic of Germany to manufacture jeeps, heavy-duty trucks and minitrucks.

In the shipbuilding industry, China has imported 19 items including designs to manufacture diesel engines and equipment for modern vessels. Chinese-made ships are sold on international markets in Hong Kong, Southeast Asia, Europe and America.

Present problems include the need to increase the shipment of coal from Shanxi Province and other regions and faster turnaround time for cargoes in the coastal harbors. Furthermore, trains and passenger vessels are always crowded and people have difficulty in buying tickets.

China in the next 10 years will stress upgrading railways and harbors while building some new railway lines and harbors. Efforts will also be made to develop inland waterways and road transport including building expressways in coastal regions.

CSO: 4020/190

## TRANSPORTATION

### ROAD CONSTRUCTION RECEIVING SPECIAL ATTENTION

OW070903 Beijing XINHUA in English 0741 GMT 7 Sep 84

[Article: "China's Highways Radiate in All Directions--23d of the National Day Focus Series"]

[Text] Beijing, September 7 (XINHUA)--The construction of an expressway between Beijing and the seaport of Tanggu via Tianjin will start soon, according to the Ministry of Communications. The feasibility study and survey work for the project have been completed. The 151.6-km four-lane turnpike will have a maximum speed of 120 kph and be capable of accommodating 25,000 vehicles a day.

Another two expressways, between northeast China's heavy industrial city of Shenyang and the port city of Dalian, and between south China's major trade outlet of Guangzhou and the Shenzhen special economic zone, respectively, are also in the preparation stage.

In the past 3 years, China has built highways totaling 27,000 kms, asphalted over 20,000 kms of road and set up more than 10,000 highway bridges with a total length of 330,000 meters.

China's first highway across the Tianshan Mountains, totaling 561 kms, opened to traffic in November 1982. It has given impetus to economic development in the northwestern area which abounds in natural resources but has a sparse population.

The prestressed-concrete highway bridge across the Yellow River at Jinan, capital of Shandong Province, opened to traffic in July 1982. Its central cable suspension span is 220 meters, the longest in Asia at present.

China has built a series of first-class highways, including the Beijing-Miyun, Shenyang-Fushun and Nanjing-Liuhu Highways. In China, a first-class highway is defined as asphalted, with a minimum width of 23 meters allowing four-lane traffic.

Since the founding of new China in 1949, the people's government has attached special attention to road construction. And a road network has been formed linking Beijing with all the other major cities, major economic zones and frontier regions.

China now has 915,000 kms of highways, 11.3 times the figure of 1949. Bus services are now available in all of China's more than 2,000 counties, except one on the Tibetan Plateau. Over 90 percent of the more than 50,000 townships now are connected to major roads.

In 1983, China's highways carried 790 million tons of cargo and 3.39 billion passenger.--10 and 187 times the figures for 1949, respectively.

CSO: 4020/190



## TRANSPORTATION

### SHIPBUILDING INDUSTRY ACHIEVEMENTS REVIEWED

OW141236 Beijing XINHUA in English 1204 GMT 14 Sep 84

[Article: "China's Shipbuilding Boom--30th of National Day Focus Series"]

[Text] Beijing September 14 (XINHUA)--China's shipbuilding industry expects to set a record by building 238 ships for both foreign and Chinese owners, with a total tonnage of 650,000 this year--25 percent more than last year, according to a spokesman for the China State Shipbuilding Corporation.

From January to August, the large shipyards along the coast built and delivered 120 vessels exceeding 200,000 tons in total to owners in and outside China. The rest will be completed and handed over in the next quarter.

Last year, China's shipbuilding industry built 237 vessels with a total tonnage of 530,000, including 334,000 tons exported.

Since the founding of new China 35 years ago, China's shipbuilding industry has developed smoothly. It now possesses more than 500 large, medium and small shipyards, and 160 accessories plants. China's 14 building berths above the 10,000-ton class and 13 docks in the same range, are located mainly in Shanghai, Dalian, Tianjin, Guangzhou and Wuhan. These major yards are capable of manufacturing different types of ships up to 100,000 tons each.

Since the adoption of the open policy in 1979, China's ships have won acceptance on international markets as emphasis shifted from small carriers and military vessels to larger ships. Thus the industry entered a new stage of development.

In the past 5 years China has received orders for ships totaling one million tons from other countries and regions, of which a total tonnage of 630,000 has already been built and delivered. The exported vessels include 69,000-ton oil tankers, 36,000-ton cargo ships, 12,300-ton container ships, 17,500-ton multipurpose ships and oil rigs.

According to the corporation, the markets for China's shipbuilding industry have expanded from Hong Kong, Macao and Southeast Asia to Europe and America. The corporation has established business relations with more than 100 firms in more than 40 countries and regions.

Shanghai, the largest shipbuilding center in China, has contracted with companies in more than 20 countries. Since 1981 it has received orders for 66 ships with a total tonnage of 610,000 from other countries. Shanghai expects to build 32 vessels with a total tonnage of 570,000 this year.

China has designed and built about 1,000 types of ships in the past 30 years and more, providing more than 110 vessels with a tonnage of more than 10,000 each for domestic transport departments.

In addition, the industry has also supplied a number of 7,500-ton passenger ships serving along the coast and inland rivers.

By applying advanced technology, the industry plans to develop and manufacture more than 100 new types of ships for both domestic and international markets, including large oil and coal carriers, container ships, survey vessels and chemical carriers, as well as oil rigs.

CSO: 4020/190

## TRANSPORTATION

### NATION'S DEVELOPMENTS IN CIVIL AVIATION RECOUNTED

OW131228 Beijing XINHUA in English 1216 GMT 13 Sep 84

[Article: "Civil Aviation Develops in China--29th of the National Day Focus Series"]

[Text] Beijing, September 13 (XINHUA)--China's national airline, Civil Aviation Administration of China (CAAC), expects to carry 800 million ton km of cargo, mail and passengers in 1985 as against 650 million ton km last year, a CAAC spokesman said here today. To accomplish this, he said, CAAC would buy more planes, open more air routes and expand its ground facilities.

From January to August this year, CAAC's total amount of passenger, cargo and mail loads reached 540 million ton km; 33 percent more than the same period of last year, and a record for the airline.

Since the founding of the People's Republic in 1949, China has opened 23 international air routes to 23 cities in 19 countries and regions in Asia, Europe, Africa, North America and Oceania, totaling over 160,000 km.

Aviation agreements have been signed with 46 countries, including the United States, the Soviet Union, Japan, France, the Democratic People's Republic of Korea, Romania, Yugoslavia and Australia. At present, 17 foreign airlines from 16 countries fly to and from China.

To keep up with the developing tourism industry and to serve the compatriots in Hong Kong and Macao, CAAC is now running 64 flights a week between Hong Kong and Beijing, Guangzhou, Shanghai, Hangzhou, Tianjin and Kunming. Charter flights are operated from Xian, Fuzhou, Xiamen and Guilin to Hong Kong. During the tourism season and traditional festivals, CAAC also runs additional charter flights.

CAAC had built and upgraded more than 70 airports by the end of 1983.

In addition to its fleet of planes built in China, CAAC has imported aircraft in the past few years including Boeing 747 jumbos, Boeing 737's, DC-9 super 80's and others. There are now 671 domestic and international flights every week.

China has more than 170 domestic air routes, with direct or connecting services linking Beijing and all provinces, municipalities and autonomous regions on the mainland, all within 1 day's journey.

With the development of tourism in the country, CAAC has opened more than 20 special air routes to and from more than 40 tourist spots in China.

China's national airline serves not only the passenger and cargo transport sectors but also supplies services for industry, agriculture and forestry, by conducting aerial prospecting, aerial seeding and fertilizer spreading operations, as well as helicopter services for offshore oil exploration and development.

CSO: 4020/190

## TRANSPORTATION

### BRIEFS

**NEW BRIDGE IN GUANGDONG**--Guangzhou, 8 Sep (XINHUA)--The third highway bridge on the Guangzhou-Zhuhai highway, built with foreign investment, opened to traffic yesterday in Zhongshan County, Guangdong Province. The Shakou bridge, 912 meters long including the bridge and approach spans, is the second-longest of the four bridges across a tributary of the Pearl River. It is 14.5 meters wide. The first two highway bridges were put into service earlier this year. The last one on the highway, still under construction, is scheduled to be completed in November. Completion of the highway will facilitate the transportation between Guangzhou and Zhuhai and serve the economic development in the Pearl River Delta. [Text] [Beijing XINHUA in English 1037 GMT 8 Sep 84 OW]

**FREIGHTER FOR FRG**--Wuhan, 1 Sep (XINHUA)--A freighter ordered by Horn Linie of the Federal Republic of Germany was launched today at the Wuchang Shipyard in Hubei Province. The ship can carry 6,130 tons of cargo including containers, timber and grain. The vessel is one of the seven Wuchang is building for Norway and Federal Germany. China's two biggest shipbuilding centers--Shanghai and Dalian--have exported ships of 10,000-ton class. [Text] [OW051003 Beijing XINHUA in English 1601 GMT 1 Sep 84]

CSO: 4020/187



BAN YUE TAN ON SINGAPORE'S DEVELOPMENT STRATEGY

HK170429 Beijing BAN YUE TAN in Chinese No 16, 25 Aug pp 60-62

[Article by Xu Tiange [1776 1131 2047]: "Revelations From the Road of Singapore's Development"]

[Text] It was on the evening of 9 August 1965 and Prime Minister Lee Kwan Yew was delivering a speech to the citizens of this island country on television. It was a joyful day when Singapore was pronounced a republic. Lee Kwan Yew spoke with excitement and he was glowing with health and radiating vigor. His face showed the joy of having realized a long-cherished dream.

However, independence was not the ultimate goal the Singapore people had fought for and it was only a starting point for the country to advance toward wealth, strength and prosperity. Looking forward to the future, the country had yet to make a tortuous journey and its outcome was unpredictable. It was true that this outstanding graduate from Cambridge had a militant and undaunted spirit of not giving up until the final goal was attained, but, as far as Singapore's land, resources and economic base was concerned, nobody could tell at that time whether or not he would be able to steer the ship of the country in skirting dangerous rapids and shoals and sailing to the coast of prosperity. This young and passionate prime minister was aware of the difficulties and all sorts of feelings welled up in his heart. No wonder he spoke in an excited tone.

At present, the Republic of Singapore has entered its 20th year. In the past 19 years, Singapore's people have scored great achievements and the progress they have made in the economic field has drawn worldwide attention. By 1978 the country's GNP was 10 times that in 1965. Industrial output value increased by 40 times and export trade increased by 60 times. Industrial output value accounted for 65 percent of the GNP. Consequently, Singapore proudly joined the ranks of the newly industrialized countries.

It should be pointed out that its achievements were scored at a time when the world's economic situation was grim. In the past 19 years, there have been two oil crises in the world, during which nearly all the Western countries were badly battered and in an extremely difficult position. The recent protracted and serious worldwide economic recession in particular was like a widespread flu, affecting nearly all Western countries. However, Singapore,

which was only a small country, safely tided over one crisis after another. Instead of being drowned, it kept on growing at a speed envied by Westerners. Why was it able to do so? What is the secret of its success? Here, I would like to give a brief account of her success and hope that we can benefit from its experience.

#### Develop Tourism Without Depending on Places of Historic Interest

At present, various countries in the world are competing with one another in developing tourism, and regard tourism as a shortcut to acquiring foreign exchange. During the busy seasons for tourism, large passenger planes land one after another at the international airport in Singapore and tourists from various corners of the world pour in and out of the country. Some of them are tourists from Asia who are on their way to Europe and America and want to change planes in Singapore. Others, from Europe and America, are on their way to visit Asia and have made Singapore their first stop. There are also tourists who have made a special trip to spend their holidays or to make purchases in Singapore. Singapore has become one of the main tourist centers in Asia. In the past few years, the number of tourists coming to Singapore for sightseeing has exceeded 2 million each year, a number equivalent to or exceeding the country's population.

Generally speaking, in developing tourism, it is necessary to have some prerequisites which can attract tourists, such as places of historic interest, beautiful scenery, and so on. However, "the stingy gods have not endowed Singapore" with any of these. The only favorable condition, if it can be regarded as one, is that the country is located on a vital communications line between Asia and the Pacific region. It had no alternative but to develop its tourism from scratch. First, it started by decorating the city. After several years' efforts, the city was strewn with flowers and lawns and was known as "a garden city." At the same time, Singapore also built some attractive bathing beaches, a gorilla park, bird park, and so on. Second, it has depended on high-quality services. Here, good service is provided both in expensive restaurants which are up to international standard, and in ordinary cheap hotels. In addition, good accommodation is offered and excellent services are also provided in booking tickets and hotels for the next stop, in money exchange, and so on.

These two points constituted their "superiority" for some time, and the people of Singapore were able to compete with neighboring Hong Kong and Bangkok in attracting tourists. However these two superior points could not last forever and the people of Singapore were not content with these alone. They constantly collected new information and studied new situations.

Through studies, it was discovered that on average, ordinary sightseers stayed for 3.7 days and spent 703 Singapore dollars in Singapore, but visitors who came to attend meetings in Singapore stayed, on average, for 7.7 days and spent 1,696 Singapore dollars. It can be seen from this that greater benefits could be obtained by having more visitors who came to attend meetings. Therefore, in the 1980's, Singapore has been building facilities for international conferences on a large scale, and many international meetings have been held there.

According to reports by the international conference union, the number of international meetings held in Singapore increased from 158 in 1979 to 353 in 1983. This figure shows that Singapore ranks sixth among the world's conference cities and first among those in Asia.

#### Develop Agriculture Without Depending on Expanding Area of Farmland

Evidently, conditions are very unfavorable for Singapore to develop agriculture. The country has an area of only 600 square km or so, of which arable land accounts for less than one-fourth and of which only 16 percent has actually been cultivated. Moreover, the arable land consists of red soil and clay. Nevertheless, it is under these conditions that Singapore has achieved outstanding results. With less than 2 percent of the country's manpower engaged in the work of growing fruit and vegetables, breeding domestic animals and poultry, and fishery, the country has enough meat, eggs, vegetables and fruit for its more than 2 million people and an equal number of tourists. The country can even export some of these products.

In the early 1980's, Singapore built an "urban botanical and zoological garden." This is an agricultural farming and breeding zone which surrounds the city and includes several noted large pig farms, chicken farms, fish farms, and vegetable farms employing hydroponic methods. These pig farms breed lean-meat pigs of 90-150 kg and the chicken farms breed fine species of hens which lay 250 eggs annually. These few large pig farms and chicken farms provide the city with a steady and ample supply of meat and egg products.

It is relatively difficult to solve the problem of vegetable supply for a city. In the past, Singapore had to import large quantities of vegetables. However, since 1980, several large farms have been built. People have employed hydroponic methods (growing plants without soil) to produce large quantities of high-quality tomatoes, cauliflowers, and other fresh vegetables and fruits for the market. In addition, Singapore has used reservoirs and fish farms to breed large quantities of fish for food and for decoration. In this way, market supplies of fish are ensured and the export of ornamental fish has also helped to obtain much foreign exchange.

#### Constantly Readjust the Strategy for Development

When it started to develop its economy, Singapore was faced with the serious problem of which direction it should develop it in. Was it to develop industries bringing quick success and instant benefit in order to get some leftovers from the hands of Western industrialized countries? Or was it to adopt measures for a steady development in order to finally gain a position in the international market? Unlike most bourgeois politicians, the leaders of this country did not try to please the public with claptrap but analyzed the country's strong and weak points in a down-to-earth manner and determined the strategy for development.

At that time (in the mid-1960's), they determined a development strategy of building labor-intensive industries. This was because of Singapore's then backward economy. Its industrial foundation was extremely poor. There were

only a few branches of industry and their output value was small. Moreover, these industries had been developed in an abnormal manner and a large number of workers were out of work. Therefore, Singapore had to give play to the role of the superiority of having much cheap labor, and developed textile, garment, and food industries. Its products made their way into the international market because of their good quality and competitive prices. Singapore had thus taken the first correct step and scored marked success.

By the early 1970's, Singapore did not have sufficient manpower and its government began to curb the development of labor-intensive industries and to encourage capital-intensive industries such as household electrical appliances, optical instruments, oil refining, and so on. However, at the end of the 1970's and the beginning of the 1980's, many backward Third World countries also tried to enter the international market. Some of them depended on their rich resources and others depended on manpower which was even cheaper than that of Singapore. This constituted a challenge to Singapore. At this time, Singapore readjusted in good time. Its strategy for development turned to technology-intensive industries such as integrated circuits, airplane parts and accessories, scientific instruments, and so on. Through making readjustments on many occasions, Singapore has been able to maintain a high growth rate.

In the past few years, with waves of the world new technological revolution appearing, Singapore has put forward the strategic goal of realizing automation, computerization, and the extensive use of robots throughout the country within 10 to 15 years. It has made great efforts to develop "information service industries" such as computers, medicine, finance, and so on. It plans to build itself into Asia's information service center and financial center so that Singapore will be able to maintain its superior position in the coming 10 to 20 years.

CSO: 4006/4

## PUBLICATIONS

### BRIEFS

ENGLISH QUARTERLY ON TRANSPORT--Beijing, September 15 (XINHUA)--A Chinese-English quarterly, CHINA TRANSPORT, will be published from April, 1985, to promote exchanges of technical information in transport and communications between China and foreign countries. An agreement on the publication was signed here yesterday between the development committee of the China Communications and Transportation Association and Sea Trade Publications (Far East) Ltd. of Britain. [Text] [OW151234 Beijing XINHUA in English 1200 GMT 15 Sep 84]

CSO: 4020/190



JAPAN'S MAZDA READY FOR TAIWAN CAR VENTURE

OW231111 Taipei CNA in English 0940 GMT 23 Aug 84

[Text] Tokyo, 22 Aug (CNA)--Japan's Mazda Industries, a partner of Ford Motors of the United States, is waiting its turn to come out with a definite commitment after Toyota Motor Corporation pulls out of the Republic of China.

Officially, Mazda knows of no Ford plan for joint production of small passenger cars in Taiwan. Ford plans to make 1.3- to 1.5-liter Mazda sedans, with a target annual production of 100,000 to 200,000 units, 70 percent of them for export.

"Ford has not contacted us for the project," a Mazda spokesman said Wednesday, but automotive industry sources said the American and Japanese car makers have already reached a tacit understanding that their deal should remain unannounced until after Toyota phases out its "Taiwan project."

Mazda has to defer to Toyota, one source said. "It's a common Japanese business practice," he added.

Under the "Taiwan project," Toyota has to inaugurate a joint venture company, Hua Feng, before 4 September, only two weeks away.

Toyota has never announced it would scrap the "Taiwan project," although it is convinced that the Ford plan will ultimately force its pullout from the Republic of China.

The Ford plan, a new enterprise separate from its joint venture with Lio Ho of Taiwan, is predicted on the Toyota withdrawal. Lio Ho makes Cortina sedans under Ford license.

When contacted by the CNA, a Toyota spokesman said Wednesday morning the Japanese car maker is "ready to start the joint venture company in Taiwan."

Negotiations with its Chinese partners, including the China Steel Corporation, "Are still going on," the Toyota spokesman said.

CSO: 4020/188

HONG KONG CHINESE REQUEST INVESTMENT BODY

OW250405 Taipei CNA in English 0236 GMT 25 Aug 84

[Text] Taipei, 24 Aug (CNA)--The 47-member Hong Kong Chinese Industry and Commerce Investment Study Mission Friday called on the government here to form a special organization which handles investment and resettlement affairs by Chinese businessmen from Hong Kong.

In a forum at a downtown hotel in Taipei, the Hong Kong Chinese businessmen discussed with government officials and representatives of agencies concerned on problems pertaining to investment and resettlement by Chinese entrepreneurs in Hong Kong, when the Peiping regime takes over the ruling from the Hong Kong Government in 1997.

Leung Ping-koi, vice chairman of Kowloon Chamber of Commerce, said that many Chinese businessmen in Hong Kong have been worried about the deadline set by the Peiping regime for the year 1997 to regain Hong Kong instead of the Hong Kong authority.

Oeung, also deputy leader of the mission which arrived here earlier in the day for a four-day visit, suggested that the authorities here should establish a special body to deal with matters in connection with investments and resettlements by the Hong Kong Chinese business sectors.

He said "Many Chinese entrepreneurs in Hong Kong just do not know where to approach for the information and application of investments or resettlements on Taiwan."

CSO: 4020/188

TAIWAN REAFFIRMS DEADLINE FOR TOYOTA VENTURE

OW241501 Hong Kong AFP in English 0841 GMT 24 Aug 84

[Text] Taipei, 24 Aug (AFP)—Taiwan has told Toyota Motor Corporation of Japan that it will stick to its 4 September deadline for the Japanese auto-maker to set up a joint venture with local partners, the Economics Ministry announced today.

Toyota and the ministry have disagreed on the percentage of Taiwan-made cars to be exported by the Japanese car maker. The proportion for export has been set on one percent of the first two years after the joint venture starts operations in 1986, an official said.

But exports would eventually rise to 50 percent when annual production of small cars reached 300,000, he added.

The disagreement has delayed Toyota's planned investment in Taiwan since the Japanese firm signed an Agreement in December 1982. When Toyota asked for another six-month extension this July, the ministry only agreed to a two-month extension until 4 September.

Under the agreement, Toyota would have a 45 percent stake in the joint venture. Nine local companies would share the remaining 55 percent, the official said.

CSO: 4020/188

IMPORTS OF U.S. AGRICULTURAL PRODUCTS UP IN 1984

OW250349 Taipei CNA in English 0240 GMT 25 Aug 84

[Text] Taipei, 24 Aug (CNA)—The nation imported U.S. agricultural products worth U.S. dollar 892 million in the first half of this year, up 26 percent from the corresponding period a year ago, the Executive Yuan's council for agricultural planning and developing said Friday.

Officials with the council said that major items of the American farm goods were soybeans, animal feeds, raw cotton and tobacco leaves.

This country has been striving for more imports of U.S. agricultural goods in an attempt to lower the bilateral trade imbalance between the two countries, the officials added.

The Republic of China was the tenth highest importer of American farm products in 1983, with 100 percent of the nation's soybeans, 91 percent of its corn, 80 percent of its wheat, and 75 percent of its apples coming from the United States, they noted.

CSO: 4020/188

END

**END OF**

**FICHE**

**DATE FILMED**

19 Oct 1984